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1986 Men's Store Operating Experiences

Financial and Operations Group
Menswear Retailers of America

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National Clothier Corporation Made Annual Business Survey Report Possible.

Full cost of the development of this 58th Annual Business Survey report by the Financial and Operations Group has been underwritten by the National Clothier Corporation division of MRA.

National Clothier Corporation's underwriting of the Annual Business Survey is an extension of its programs for providing men's wear merchants with services and supplies essential to their business development.

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TERMS AND DEFINITIONS

COMMUNICATIONS: Includes all expenses for local and long distance telephone service, telegrams, telephone and other communication equipment rentals and all postage expenses.

CURRENT LIABILITIES: Total of all debts falling due within one year.

EQUIPMENT COSTS: Include the lease or rental of all equipment, fixtures, delivery vehicles, company automobiles, etc. and outside repair and maintenance contracts applicable to the leased or rented equipment as well as buildings and property.

GEOGRAPHIC AREAS: Based on United States Federal Reserve Districts. The Northeast area contains the Boston, Philadelphia, and New York Districts; the Southeast contains the Richmond and Atlanta Districts; the North Central is based on the Cleveland and Chicago Districts; the Central area covers the St. Louis, Minneapolis, and Kansas City Districts; the Southwest, the Dallas District; and the West, the San Francisco District. A map detailing these areas is found on page 57.

INCOME FROM LEASED DEPARTMENTS: Commissions paid to the firm by the operators of the leased departments.

INITIAL MARKUP PERCENT: The difference between the original retail price and the cost of goods purchased, divided by original retail price. Include transportation charges in cost of purchases, but do not subtract cash discounts. For example, cost of a typical purchase may have been $600 and original retail price $1,200, resulting in an initial markup of $600, or 50% of retail price.

Markdowns at retail are markdowns net of markdown cancellations.

MEDIAN FIGURE: The mid-point of a range of figures with one-half of the firms reporting figures above it and one-half below it.

METROPOLITAN SIZE: The population immediately surrounding the area in which a business is located. This can be a community, town, or city population.

NET OTHER INCOME AND EXPENSE: Items which are financial, rather than operating in nature. Items include carrying charges from customers' charge accounts, interest income, net income or expense realized from properties not used in the business, gain or loss on the sale of fixed assets, and interest expenses. Income from leased departments is not included.

NET PURCHASES AT COST: Gross purchases at cost plus transportation charges inward minus returns to and allowances from vendors. Do not subtract cash discounts earned.

NET WORKING CAPITAL: Excess of current assets over current liabilities.

NET WORKROOM COSTS: Workroom costs minus income from alterations.

NET WORTH: In both incorporated and unincorporated firms equals total assets minus total liabilities. (In partnerships include partner's loans as liabilities.)

NON-SELLING AREA: Includes workroom area, forward and reserve stockrooms which are not used for selling purposes and those aisles not considered as selling area, such as area surrounding stairway, elevators, and/or escalators.

OPERATING PROFIT: Gross margin, including leased department income, minus expenses.

PAYROLL: Payroll of owners and officers is the amount actually paid to them. Selling payroll includes commissions and "spiffs." Non-selling payroll does not include workroom payroll.

PENSIONS: Payments to retired employees or contributions to pension or profit-sharing plans.

PUBLICITY COST: Expenses incurred for all advertising of the firm including radio, television, and newspaper advertising, special promotion material, store catalogs and other expenses attributable to the creation of publicity.

RANGE OF COMMON EXPERIENCE: The experience of the middle 50 percent of all responding firms when figures for a given item are arranged in numeric order from the lowest to the highest.

SELLING AREA: Is the total space occupied by selling departments, fitting rooms, forward stock areas which are contiguous to the department, salesmen and customer aisles, and bargain table space. Only selling space normally assigned to departments and utilized throughout the year is used in this calculation.

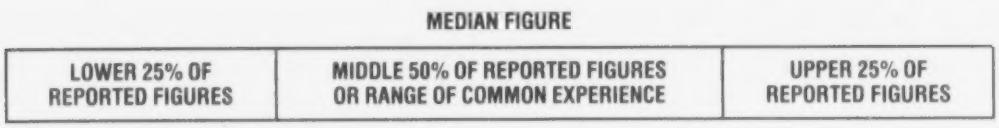
SERVICES PURCHASED: Consists exclusively of non-professional services rendered by outsiders such as cleaning, delivery, detective and alarm services, collection services by agencies and attorneys, data processing service bureaus, and credit card fees.

INVENTORY TURNOVER: Is the number of times during a given period, in this case one year, that the average inventory on hand at retail has been sold and replaced. The rate of turnover is computed by dividing net sales by average retail inventory.

SUPPLIES: Wrapping and packing supplies, cleaning supplies, stationery, electric and gas utilities, etc.; supplies used for employee welfare and employee gifts.

TOTAL NET SALES: Total of all net sales, including sales of leased department.

HOW TO USE THIS REPORT


MEDIAN FIGURE
LOWER 25% OF REPORTED FIGURES
MIDDLE 50% OF REPORTED FIGURES OR RANGE OF COMMON EXPERIENCE
UPPER 25% OF REPORTED FIGURES

Enter your figures in the columns headed "Your Firm". Compare your firm's performance with the range of common experience and with the median firm. The range of common experience shows the experience of the middle 50 percent of all responding firms when figures for a given item are arranged in numeric order from the lowest to the highest. The "Median Firm" figure represents the mid-point of the figures with one-half of the firms reporting figures above it and one-half below. Since each firm's operating experience is different, some of your figures may be out of line for perfectly valid reasons. Therefore, study your particular situation as to whether the reasons for such out-of-line figures are justified.

IMPORTANT ADVISORY NOTE

The information presented in this report is based on the results of a mail survey in which the reporting stores voluntarily participated. Thus, the sample may not necessarily reflect the entire industry.

Throughout this report the median firm's figures are reported rather than the *arithmetical average or mean*. Note particularly that with median figures, the component figures of an item may not necessarily add up to 100 percent. To avoid misinterpretation, it is important to realize that each of the medians in this Survey was independently selected from its own array of figures. Because of this variation in sampling, normally accepted mathematical relationships among related data do not always exist with respect to the medians. For example, the median gross margin percent minus the median total operating expenses percent does not necessarily equal the median operating profit percent.

IMPORTANT! The median figures presented throughout this report MAY NOT represent the operating figures and results you should strive for. You must establish their importance. When the report shows a median payroll of 20.8 percent of net sales for Group I volume firms, a lower payroll percentage would be better. Conversely, a higher gross margin would be better than the median figures reported for all groups. A special section of the report details for you the stellar performances in the men's wear retailing industry. Use these to help set the goals for your business.

MAKING THE MOST OF THE ANNUAL BUSINESS SURVEY

by
Gerald H. Smith—Retail Management Consultant

The Annual Business Survey is a valuable tool to be used in comparing your store's merchandising and operating results with those of others in the industry. It can serve as a guide to show where improvements can be made in your operation to increase profitability. In today's competitive retail climate, with major department stores, discounters and manufacturers' outlets carrying the same brands as the specialty store, it is imperative that you have current statistics on operations and merchandising to help guide you in obtaining the results needed to maintain a strong, viable business. The Annual Business Survey provides this information. It gives important data on the industry as a whole, and then goes a step further by giving the same information by firm volume, geographic area, and metropolitan population size. Thus, you can compare your performance with other stores similar to your operation.

Pages 8 and 9 give the total number of retailers who took the time to fill out and return the questionnaire along with a breakdown of these participants by area, volume, metropolitan size, number of retail outlets, and type of ownership. The first three of these are the most important as these categories are used throughout the Annual Business Survey. Use these percentages to determine where you can most heavily rely on the figures presented. As with any survey, the more firms represented, the better and more dependable the analysis.

"Highlights of the Report" (page 7) gives a summary of the major findings covered in the report. On this page comparisons are made to last year for the following: net profit, advertising expenditures, sales per square foot, stock turn rate, total expenses, alteration costs, shrinkage, and initial markup. This lets us know how we did, where we made improvements, and where we still need to improve.

The "Merchandise Trends Five-Year Report" (page 10) covers three major men's wear categories: clothing, sportswear, and furnishings. The initial markup percentage report shows changes in the initial markup for each of the three categories over the past five years. Here we can see a very slow but steady yearly increase in all categories. The markdown percentage report tracks increases and decreases in markdowns for this same period. Retailers today are more conscious of the relationship between initial markup percent, the markdown percent, and gross margin, and realize that by increasing initial markup you can also increase price promotions without decreasing gross margin. For example, an initial markup of 50% with markdowns of 10% will produce a 45% gross margin. However, by increasing the initial markup to 55%, a retailer is able to increase his markdowns to 20% and still enjoy a 46% gross margin.

"Ten Year Trends" (page 11) graphically depicts experiences in the following areas: Gross Margin Percent, Net Profit Percent, Total Expenses as a Percent of Net Sales, and the Percent of Annual Sales Increases. From the data on this page we can see that profits are static and total expenses remain high. Gross Margin has been slowly improving, though not enough to keep up with the increase in expenses. Retailers must exercise discipline in both of these areas if they are to remain in business. There is no way around it. While retailers are also finding it difficult to increase their share of the market, this year showed the most significant increase in three years. The trends shown are industry-wide. Hopefully, yours are better. As we look further in the Survey you will be able to see specific areas where improvements can be made.

Ten Key Business Ratios are listed and defined on page 12 of the Survey. These are used extensively by your banker, resources, or factors to measure your debt-paying ability. Some are also useful to management, in particular, Net Profits On Net Sales, Net Profits On Net Worth, Net Sales To Net Worth, Current Assets To Current Liabilities, and Total Liabilities On Net Worth. In my practice I use these ratios plus sales per square foot (total sales divided by total store square footage used), stock turn rate, return on assets (net profit before taxes divided by total net assets), operating expense ratio (operating expenses divided by net sales), gross margin ratio (gross margin divided by net sales), class cumulative gross margin percent (gross margin ratio times stock turn rate for each classification), and annual sales growth rate. I feel these are the 12 most significant ratios for measuring the effectiveness of a retailer.

You will see here and throughout the book that there is space provided to enter your company's figures. You should enter your own data in order to compare your company's performance to others in the industry. A word of caution: If you intend to use the data in the Survey as a guide to establishing goals for your company, I suggest you use the upper range of common experience as the minimum goal. Do not aim for mediocrity.

Data on the Star Performers is listed on pages 16 and 17 of the Survey. The retailers are in the top 25% of participants, based on net profits. These star performance figures can be most helpful in establishing objective and critical goals and criteria for your store's performance. To put your store in this category requires a two-pronged approach.

First, decide who you are and what you want to offer your customers and offer it with excellence. If it is an in-house charge account program, have the best. If you offer alterations, offer the very best, and that includes training and modern equipment. If you offer personal-

ized professional sales service, hire and pay for the best. You cannot hire qualified salespeople for minimum wage, and you cannot keep professional salespeople without an adequate compensation plan tied to their performance.

Second, keep adequate control over all aspects of your business. This does not necessarily mean that less is best. It does mean the right amount is best—the right amount of advertising, the right amount of inventory, the right number of sales associates. The detailed data presented in the Survey should be used to give you ideas for changes or improvements which you can make to enhance your company's performance.

Since payroll is the largest operating expense of a retail firm, the Annual Business Survey devotes several pages to employee productivity (pages 18-20). The Survey gives information by volume of sales on the number of employees and what they do in stores. Productivity figures are given for total store employees in three areas: sales per employee, gross margin per employee, and profit per employee.

The most important information given on employee productivity is the data on salespeople (page 21). The average sales and average pay per salesperson are very revealing. Neither of these is adequate. The level of sales being generated by salespeople is not sufficient to achieve the levels of growth and profit which are necessary to survive and prosper in today's retail environment. This is reflected in the "Ten Year Trends" discussed earlier. It has been my experience that proper personnel management in men's wear stores is even more important than inventory management in its potential for profit. In this case, as before, you should be comparing your salespersons' productivity to the top range of common experience. If the comparison is not favorable, steps need to be taken now to increase motivation through better training, sales contests—whatever it takes in your particular situation. The compensation level for salespeople is also inadequate. This causes high turnover as our good salespeople leave for better paying jobs elsewhere. This problem can be relieved by offering a compensation package tied to the salesperson's level of sales.

Page 23, showing the profit performance for all firms, paints a bleak picture. Look at the number of firms showing a loss. This gets back to earlier statements about control—control of merchandise to achieve an adequate gross margin and control of expenses.

The Profit & Merchandising Information on pages 23 and 24 highlights changes in merchandising data for each of the three major categories in comparison to last year. The average initial markup percentage of major merchandise category shows the experience of other retailers. By looking at the upper range of common experience you can see that higher initial markups are being achieved. To achieve these higher initial markups requires the discipline of a merchandising budget or Open-To-Buy, which affords the retailer the ability to plan his purchases so funds will be available to take advantage of special buys and in-season promotions.

Page 25 offers an insight on total shrinkage and gives the distribution of the shrinkage among the various departments within the store. The leased department sales information is helpful in showing the type of sales performance you can expect.

An overall view of Merchandising and Productivity data for all firms is given on page 26. This same information is given by firm volume, metropolitan trading area, and geographic area on pages 41, 46, 49, and 53. Of particular interest is the data on annual sales growth rate, sales per square foot, and stock turn rate. These are three of the ratios mentioned earlier as being most significant in evaluating a firm's performance.

The "Percentage Increase or (Decrease) in Sales by Merchandise Classification" (page 30) tracks the annual growth rate of each classification. This can be useful to retailers trying to expand their sales as it shows the gains being made by other stores in each classification.

Detailed stock turn rate information is given in the "Inventory Turnover by Merchandise Classification" chart on page 33. It is my opinion that men's wear stores have a poorer performance in this area than in any other area of their operations. With the carrying cost of excess inventory exceeding 30 percent, retailers cannot afford to be over-inventoried. Also, by keeping inventories at a lower level, the retailer is able to keep a steady supply of fresh merchandise flowing into the store and also avail himself of opportunities for in-season buying.

Page 27 shows how other retailers' sales are distributed among the classifications. This can be used as a guide to increase sales opportunities in a particular class. Of course, your sales distribution will depend on your target customer and your area of the country. For example, classifications such as jackets and heavy outerwear will show a higher percentage of total sales in northern firms.

The "Percentage Distribution of Average Inventory Within Major Departments by Merchandise Classification" (page 29) and the companion "Percentage Distribution of Sales by Merchandise Classification" (page 27) show the relationship of sales to inventory and clearly illustrate that a higher level of inventory does not necessarily give you more sales. Enter your figures here and compare them.

The "Markdowns as a Percentage of Merchandise Classification Sales" (page 31) shows the amount of markdowns other retailers are taking for each particular class. If yours exceed or are considerably below the norm, ask yourself why. Remember, higher markdowns can be easily afforded if the trade-off is higher markons and turnover. Lower is not necessarily better.

Pages 35 and 38 give information on how retailers spend their advertising dollars. Page 35 shows a breakdown of advertising expenditures by media types. There is a wide variance in the range of common experience since localities vary so widely in the effectiveness of different media. Page 38 breaks down total advertising expenditures on a monthly basis. It shows what percent-

age of the total advertising dollar is spent for each month and how it relates to the total sales distribution.

The Composite Operating Statement for all firms on pages 36-37 is very helpful. This information is repeated by firm volume on pages 40 and 45, by metropolitan population size on pages 50-51, and by geographic area on pages 54-55. By looking at the upper range of common experience you can see that some retailers are achieving a good gross margin percentage of 45% and more. The retailers achieving this level of gross margin are likely the ones using the Retail Inventory Method and following an Open-To-Buy. Without this discipline it is difficult, if not impossible, to achieve higher levels of gross margin.

The Retail Inventory Method gives valuable information on initial markup and markdown percentages by classification, enabling you to not only know that your gross profit is too low but help you see why it is too low. This initial markup could be insufficient or the markdowns or shrinkage too high. The stock ledger gives you this and other valuable management informtion.

A well-executed and followed Open-To-Buy can also enable you to achieve higher gross profit by planning purchases so you are able to take advantage of promotional buying opportunities. Also, an Open-To-Buy will help in keeping inventory levels down so excess markdowns to clear out old stock can be avoided.

Fill in your company's expense figures and see how yours compare. Use this to help spot areas where expenses are out of line. For example, if other retailers are able to keep the expense for supplies at 3 percent of sales and yours is at 4½ percent, find out why and take the necessary steps to correct it.

Performance ratios based on square footage are given on pages 42 and 47, first by selling area, then by total area. This emphasizes how valuable a square foot of area must be considered, especially with today's rent and occupancy costs. The key to better performance is increased sales per square foot. This is further shown on pages 48 and 52 where sales per square foot data is given by metropolitan size and by geographic area. As stated earlier, the two most critical ratios in measuring the success or failure of a retail apparel specialty store are sales per square foot and stock turn rate.

On the last page of the survey is the 4-5-4 retail accounting calendar which I recommend to all retail apparel stores. It eliminates year-to-year fluctuation in monthly sales due to the different number or assortment of selling days per month, which is helpful in planning sales, inventory, payroll, and advertising expenditures.

If you did not participate in the Annual Business Survey this year I hope you will make every effort to do so next year. The more participants we have, the more valuable the Survey will be.

1986 HIGHLIGHTS OF THE REPORT

- Net profits before taxes (p. 37) crept back up from a ten-year low of 2.2 in 1985 to 2.5 percent of sales in 1986. Firms handling men's wear only turned in their best performance since 1981, increasing net profits before taxes to a median 3.0 percent of sales from the 2.5 percent experience of 1985. For the third year in a row, firms handling women's wear fell below the industry average, with a median net profit before taxes of 1.8 percent of sales in 1986. This compares with 1.9 percent of sales in 1985 and 2.6 percent in 1984.

- The percentage of men's wear firms reporting a loss (p. 23) improved from 21 percent of firms responding to the Survey in 1985 to 18 percent of participating firms in 1986.

- Total expenses as a percentage of sales (p. 37) improved fractionally from 42.0 percent in 1985 to 41.7 percent in 1986. Expenses for firms handling exclusively men's wear also showed improvement over 1985 figures, declining 1.3 percentage points to a median 40.9 percent of sales. For the fifth year in a row, firms handling women's wear experienced a slight increase in total expenses. Since 1981, expenses for these firms have increased 2.9 percentage points, reaching a median 42.0 percent of sales in 1986. Gross margin changed only fractionally, moving down two-tenths of a percent to a median 44.2 percent of sales in 1986 from 1985 levels.

- In 1986, total net sales (p. 26) increased by a median 3.6 percent over the previous year. This compares with a median 2.2 percent increase in 1985 sales over 1984 levels and a 4.4 percent increase in net sales in 1983 over the previous year. Advertising expenditures held steady at a median 3.4 percent of sales.

- Following a ten-year high of 26.9 percent of sales in 1984, ending inventory as a percent of sales (p. 26) continued to decline. For 1986, ending inventory was reported at a median 25.5 percent of sales.

- The 1986 median annual stock turn rate slowed to a 1.7 times turn in 1986, down from the median 2.0 times turn experienced in 1985. The median shrinkage rate declined to 1.2 percent of sales from the 1.7 percent reported last year. Firms handling exclusively men's wear reported shrinkage losses amounting to a median 1.3 percent of sales for 1986, down from 1.8 percent of sales in 1985. A median shrinkage rate of 1.2 percent of sales was achieved by firms handling women's wear.

- Average initial markup overall (p. 24) crept back up to its 1984 high of 53.6 percent, up one-tenth of a percent from 1985 levels. Average initial markups by merchandise classifications showed no significant changes.

- The median experience of markdowns on men's clothing (p. 10) hit a new five-year high, reaching 16.8 percent of sales in 1986 compared with 14.8 percent of sales in 1985. Markdowns on men's sportswear and men's furnishings both exceeded the five-year highs set in 1985. In 1986, the median markdown on men's sportswear increased to 17.6 percent of sales and on men's furnishings to 10.5 percent of sales, each up 1.1 percentage points from year-earlier levels.

- Men's clothing department sales as a percentage of total store sales (p. 27) fell seven-tenths of a percent to 41.3 percent. Sales of men's suits and men's dress slacks as a percentage of total sales increased slightly to 17.7 percent and 8.8 percent respectively, compared with 17.4 percent and 8.6 percent in 1985. The most significant increase was in men's furnishings, which moved from a median 16.8 percent of total sales in 1985 to 18.1 percent of total sales in 1986.

WHO MADE THIS SURVEY POSSIBLE

DATA COMPILATION

Information for this year's Survey was received, controlled and compiled into the statistical tables by Tyson Belzer & Associates, Inc. The medians and ranges of common experience were computed based on the confidential, unaudited questionnaires submitted by 161 participants with useable returns. Respondents were contacted as required to reconcile questionable data. The results of the participating members are presented to represent characteristics of the men's wear retailing industry and are not intended to represent a statistically valid sample of MRA members.

1986 REPORT BY GEOGRAPHIC AREA

The geographic areas used in this report are based on the United States Federal Reserve Districts. The Northeast area contains the Boston, Philadelphia, and New York Districts; the Southeast contains the Richmond and Atlanta Districts; the North Central is based on the Cleveland and Chicago Districts; the Central area covers the St. Louis, Minneapolis and Kansas City Districts; the Southwest, the Dallas District and the West, the San Francisco District. A map detailing these areas is found on page 57.

Geographic Area	Percent of Total Participants
Northeast	18%
Southeast	22%
North Central	23%
Central	18%
Southwest	4%
West	14%
Not Given	1%
Total	100%

1986 REPORT BY FIRM VOLUME

Volume Group	Percent of Total Participants
I. Under $300,000	13%
II. $300,000 to $499,999	17%
III. $500,000 to $999,999	30%
IV. $1,000,000 to $3,499,999	26%
V. $3,500,000 and over.	14%
Total	100%

1986 REPORT BY SIZE OF METROPOLITAN (TRADING) AREA

This is the population of trading area immediately surrounding the community, town, or city in which your business is located. These divisions represent the total number of potential customers for your store as found in your trading area.

Metropolitan Size	Percent of Total Participation
I. Less than 25,000	22%
II. 25,000 to 49,999	17%
III. 50,000 to 99,999	21%
IV. 100,000 to 499,999	21%
V. 500,000 to 999,999	6%
VI. 1,000,000 and over	12%
VII. Not Given	1%
Total	100%

1986 REPORT BY NUMBER OF RETAIL OUTLETS

No. of Outlets	Percent of Respondents
1	64%
2	17%
3	8%
4	1%
5	4%
6	3%
7	1%
8	—%
9	1%
10 or more	—%
Not Given	1%
Total	100%

1986 REPORT BY TYPE OF BUSINESS

Type of Business	Percent of Respondents
Proprietorships	11%
Partnerships	3%
Incorporated*	86%
Total	100%

*Included in this figure are Subchapter "S" incorporated proprietorships.

1986 REPORT BY STORE TYPE

Store Type	Percent of Total Stores	Type of Ownership	
		Own	Rent
Downtown	49%	48%	52%
Strip center	17%	15%	85%
Enclosed Mall	28%	8%	92%
Free-Standing Suburban	6%	24%	76%
All Stores	100%	29%	71%

SELLING AREA AND TOTAL AREA BY STORE TYPE

(average square feet)

Store Type	Selling Area	Total Area (Both Selling & Non-Selling) Average Sq. Ft.
Downtown	5,360	7,395
Strip Center	4,601	5,588
Enclosed Mall	5,065	6,281
Free-Standing Suburban	7,423	11,623

MERCHANDISE TRENDS—FIVE YEAR REPORT 1982-1986

These figures represent the changes in the men's fashion industry. Because Survey participants vary from year to year, the figures should not be interpreted as showing definite industry trends.

DISTRIBUTION OF MEN'S WEAR SALES WITHIN THREE MAJOR MERCHANDISE CLASSIFICATIONS

	1982	1983	1984	1985	1986
Total Men's Clothing	49.1%	53.9%	45.2%	52.7%	48.2%
Total Men's Sportswear	27.6%	24.9%	32.8%	28.0%	29.3%
Total Men's Furnishings	23.3%	21.2%	22.0%	19.3%	22.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

PERCENTAGE OF INITIAL MARKUP FOR MAJOR MEN'S WEAR CATEGORIES FIVE YEAR REPORT

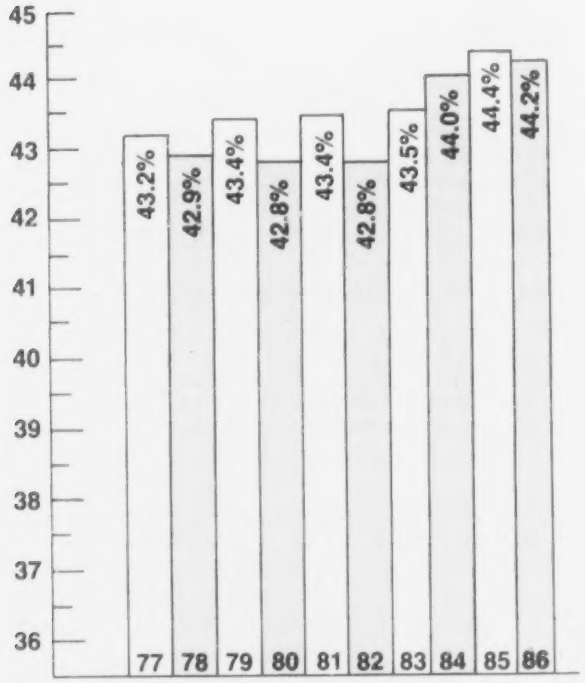
Year	Men's Clothing	Men's Sportswear	Men's Furnishings
1982	52.9%	52.7%	53.1%
1983	53.5%	53.6%	53.7%
1984	54.4%	53.5%	53.9%
1985	54.3%	54.0%	54.0%
1986	53.9%	53.9%	53.7%

PERCENT OF MARKDOWN FOR MAJOR MEN'S WEAR CATEGORIES FIVE YEAR REPORT

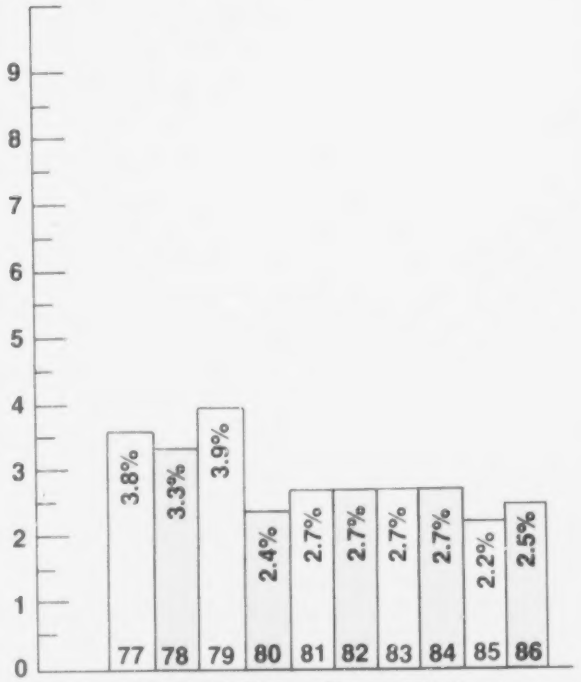
Year	Men's Clothing	Men's Sportswear	Men's Furnishings
1982	14.3%	14.8%	8.3%
1983	14.5%	16.4%	8.1%
1984	15.9%	15.5%	8.5%
1985	14.8%	16.5%	9.4%
1986	16.8%	17.6%	10.5%

TEN YEAR TRENDS

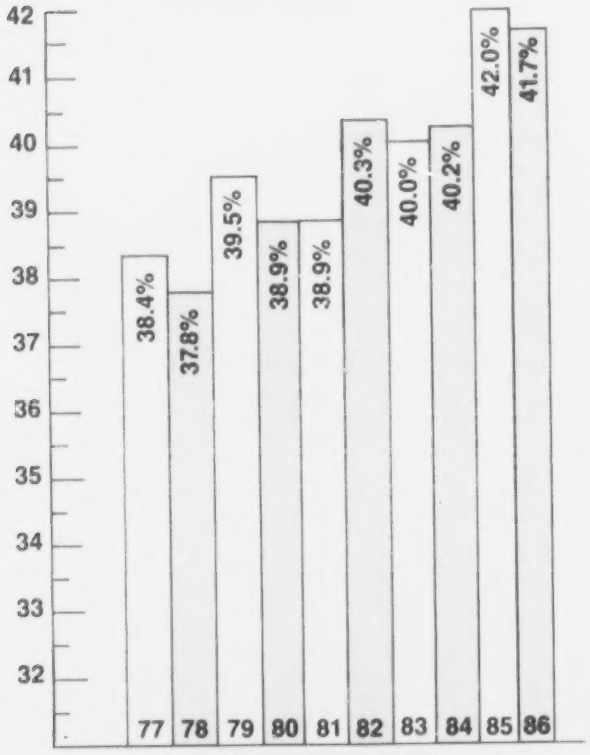
The presentation of ten year trend figures is to illustrate how the men's wear retailing industry changes. Each year's figures are independent and must stand alone. Because survey participants vary each year, the figures presented may not be entirely compatible. Data depicted are median figures.



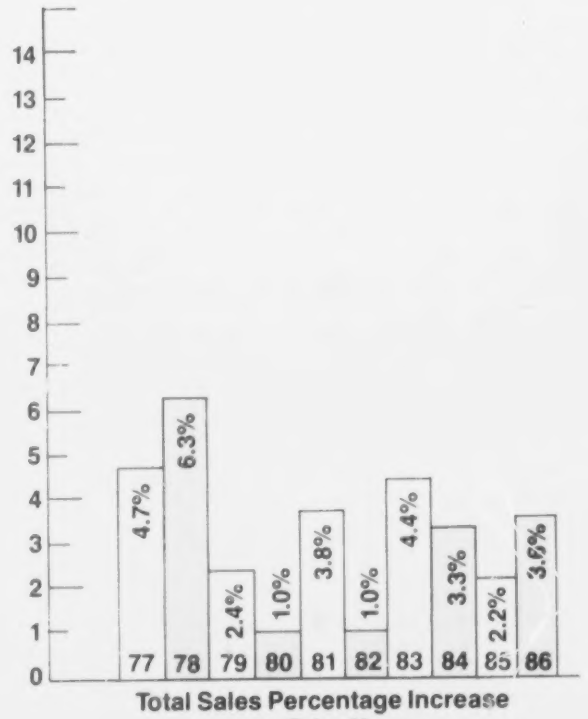
Gross Margin All Firms
(Percent of Net Sales)



Net Profit Before Taxes All Firms
(Percent of Net Sales)



Total Expenses All Firms
(Percent of Net Sales)



Total Sales Percentage Increase
over Prior Years

THE 10 KEY BUSINESS RATIOS THAT UNLOCK THE DOOR TO CREDIT AND HELP YOU EVALUATE THE SUCCESS OF YOUR BUSINESS

Each year these ten key business ratios are used by your banker, your resources and others to determine your ability to meet your obligations—your business' strength. Their evaluation of your performance in these ten areas can open the door to the credit you need. An understanding of these ten key business ratios helps you to evaluate and better understand your business.

1

CURRENT ASSETS TO CURRENT LIABILITIES

Current Assets are divided by total **Current Liabilities.** Current Assets are the cash, notes, accounts receivable, (less reserve for bad debts) merchandise inventories and securities (not in excess of market value). Current Liabilities consist of the total of all debts falling due within one year. This is one test of solvency.

2

QUICK RATIO OR ACID TEST

This ratio is a more severe measure of liquidity than the current ratio, since it eliminates inventory and prepaid items from consideration. It assumes that a company's ability to meet its current debts in an emergency depends on its "quick" assets—its cash and readily marketable securities and receivables. The traditional rule of thumb is that the minimum for this ratio should be 1 to 1, which implies that current liabilities are covered by quick assets. The ratio is obtained by dividing **"Quick Assets"** by **Current Liabilities.**

3

NET PROFITS ON NET SALES

This ratio is obtained by dividing **Net Profits** of the business (before taxes) by **Net Sales.** This important yardstick in measuring profitability is closely related to the next ratio.

4

NET PROFITS ON NET WORTH

This ratio is computed by dividing **Net Profits** (before taxes) by **Net Worth.** Net Worth is the equity you or your stockholders have in the business as obtained by subtracting total liabilities from total assets. There is a tendency to use this figure as a final evaluation of business profitability. Most evaluators look upon a relationship of at least 14 percent as desirable for providing funds for future growth.

5

NET PROFITS ON WORKING CAPITAL

This ratio is obtained by dividing **Net Profit** (before taxes) by **Net Working Capital.** Net Working Capital is the excess of Current Assets over Current Liabilities and represents the cushion available to the business for carrying inventories, in some cases receivables, and for day-to-day financing. This ratio then reflects the contribution of net profits to business liquidity.

6

NET SALES TO NET WORTH

Net Sales are divided by **Net Worth.** This gives a measure of the turnover of invested capital.

7

NET SALES TO NET WORKING CAPITAL

Divide **Net Sales** by **Net Working Capital.** This serves as a guide to a firm's ability to turn its Working Capital and its levels of operating funds.

8

CURRENT LIABILITIES ON NET WORTH

Computed by dividing **Current Liabilities** by **Net Worth.** A potential problem exists when this relationship exceeds 80 percent.

9

TOTAL LIABILITIES ON NET WORTH

Divide **Total Liabilities** by **Net Worth.** When this ratio is in excess of 100 percent the creditors have a greater equity in the firm than the owners.

10

INVENTORY ON NET WORKING CAPITAL

Merchandise Inventory, as reflected in current assets, is divided by **Net Working Capital.** This indicates inventory balance and true capital liquidity. Ordinarily this ratio should not exceed 80 percent or day-to-day operating capital is impaired.

TOTAL INDUSTRY PERFORMANCE ALL FIRMS

TEN KEY BUSINESS RATIOS BASED ON A STUDY OF MEN'S WEAR RETAILING FIRMS

	Range of Common Experience	Median
Current Assets to Current Liabilities	2.3- 5.0	3.0
Quick Ratio	.5- 2.0	.9
Net Profits on Net Sales	.7- 5.3%	2.5%
Net Profits on Net Worth	2.4- 19.7%	10.5%
Net Profits on Net Working Capital	2.5- 21.1%	10.7%
Net Sales to Net Worth	2.4- 6.7	3.6
Net Sales to Net Working Capital	2.4- 5.3	3.5
Current Liabilities on Net Worth	25.3- 87.6	50.9
Total Liabilities on Net Worth	29.5-176.8	72.2
Inventory on Net Working Capital	70.2-132.8	102.8

TEN KEY BUSINESS RATIOS BY FIRM VOLUME

	GROUP I FIRMS ANNUAL SALES UNDER $300,000 (20 Firms)		GROUP II FIRMS ANNUAL SALES $300,000 to $499,999 (27 Firms)		GROUP III FIRMS ANNUAL SALES $500,000 to $999,999 (47 Firms)		GROUP IV FIRMS ANNUAL SALES $1,000,000 to $3,499,999 (41 Firms)		GROUP V FIRMS ANNUAL SALES $3,500,000 and over (23 Firms)		
	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	YOUR FIRM
Current assets to current liabilities	2.3 - 11.5	3.5	2.4- 5.6	3.6	2.6- 5.2	3.3	2.3- 5.0	3.1	1.7- 2.5	2.1	_____
Quick ratio or acid test	.5 - 2.5	.9	.4- 2.1	.8	.4- 2.2	1.0	.5- 1.8	1.0	.6- 1.1	.9	_____
Net profits on net sales	(3.1)- 7.2%	3.6%	1.5- 7.9%	4.2%	.7- 5.3%	2.3%	.8- 4.4%	1.9%	.4- 4.3%	1.4%	_____
Net profits on net worth	.7 - 25.9%	17.5%	6.9- 32.8%	13.8%	1.4- 13.0%	7.6%	3.2- 20.0%	11.5%	2.3- 11.9%	5.9%	_____
Net profits on net working capital	3.7 - 35.0%	13.3%	4.8- 23.2%	13.6%	1.2- 13.2%	5.9%	3.4- 21.7%	11.9%	2.6- 16.6%	5.7%	_____
Net sales to net worth	2.1 - 6.7	3.7	2.6- 7.9	3.8	2.1- 3.9	2.9	3.2- 7.6	4.8	2.5- 6.5	3.9	_____
Net sales to net working capital	2.2 - 3.8	3.3	2.3- 4.7	3.2	2.2- 3.9	3.0	2.7- 7.0	4.5	3.7- 6.8	4.9	_____
Current liabilities on net worth	17.9 -114.8%	51.0%	15.8- 96.7%	60.2%	22.7- 73.3%	39.6%	31.6- 87.0%	45.8%	51.1-123.0%	79.6%	_____
Total liabilities on net worth	28.7 -231.4%	75.3%	23.3-257.6%	69.5%	25.8- 98.7%	46.2%	34.4-145.1%	72.7%	56.0-219.7%	94.8%	_____
Inventory on net working capital	74.3 -136.2%	106.7%	74.6-133.4%	104.6%	58.0-128.3%	92.7%	57.7-131.7%	97.8%	90.3-150.3%	110.2%	_____

TEN KEY BUSINESS RATIOS BY GEOGRAPHIC (Federal Reserve District) AREA

	NORTHEAST Boston, Philadelphia, New York, F.R. Dist. (30 Firms)		SOUTHEAST Richmond, Atlanta F.R. Dist. (36 Firms)		NORTH CENTRAL Cleveland, Chicago F.R. Dist. (37 Firms)		CENTRAL St. Louis, Minneapolis, Kansas City F.R. Dist. (29 Firms)		SOUTHWEST Dallas F.R. Dist. (6 Firms)		WEST San Francisco F.R. Dist. (22 Firms)		
	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	YOUR FIRM
Current assets to current liabilities	2.1- 3.6	2.5	2.5- 5.5	3.1	2.4- 6.9	3.7	1.7- 4.9	2.8	2.1 - 7.0	2.9	2.4- 5.6	3.6	_____
Quick ratio or acid test	.4- 1.1	.6	.7- 2.4	1.5	.5- 2.7	.9	.5- 1.3	.9	.8 - 1.2	.9	.4- 2.1	.9	_____
Net profits on net sales	(.1)- 6.0%	2.2%	1.0- 6.2%	3.0%	.8- 6.4%	3.3%	1.0- 6.4%	2.9%	(1.8)- 3.8%	2.2%	(1.2)- 2.7%	1.2%	_____
Net profits on net worth	(.3)- 20.3%	13.0%	3.6- 16.4%	9.0%	2.9- 23.2%	12.7%	5.8- 24.6%	13.3%	(4.6)- 9.0%	5.4%	(8.5)- 11.4%	4.0%	_____
Net profits on net working capital	1.3- 24.1%	13.1%	2.7- 14.1%	8.1%	2.5- 18.3%	11.2%	5.1- 27.3%	17.9%	(4.6)- 15.2%	8.4%	(11.4)- 10.0%	3.7%	_____
Net sales to net worth	2.7- 7.0	3.7	2.3- 6.4	3.6	1.9- 8.1	3.7	2.4- 5.5	4.1	1.9 - 3.9	3.1	2.3- 6.2	3.4	_____
Net sales to net working capital	2.4- 6.8	4.1	2.3- 4.2	3.2	2.1- 5.2	3.4	2.8- 6.1	4.0	2.9 - 5.0	3.7	2.7- 4.5	3.3	_____
Current liabilities on net worth	33.7- 93.5%	66.7%	31.7- 89.9%	51.4%	16.8- 86.7%	49.9%	18.9-112.5%	45.1%	17.4 - 70.1%	46.9%	24.6- 72.1%	37.6%	_____
Total liabilities on net worth	37.7-138.8%	88.2%	37.4-179.9%	72.7%	24.8-230.1%	73.8%	20.2-203.6%	75.3%	25.8 -113.2%	60.1%	26.0-209.0%	45.4%	_____
Inventory on net working capital	91.1-140.6%	120.6%	55.9-123.0%	80.9%	55.1-134.2%	103.3%	85.9-143.0%	106.5%	89.0 -112.9%	101.3%	87.7-136.6%	103.8%	_____

TEN KEY BUSINESS RATIOS BY METROPOLITAN (TRADING) AREA SIZE

	POPULATION Less Than 25,000 (33 Firms)		POPULATION 25,000-49,999 (28 Firms)		POPULATION 50,000-99,999 (33 Firms)		POPULATION 100,000-499,999 (33 Firms)		POPULATION 500,000-999,999 (10 Firms)		POPULATION 1,000,000 and over (20 Firms)		
	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	YOUR FIRM
Current assets to current liabilities....	2.4- 6.1	3.6	2.4- 6.3	3.0	2.4- 3.7	2.7	2.1- 4.9	3.2	1.6- 4.3	2.3	2.0 - 5.4	2.5	_____
Quick ratio or acid test.....	.4- 1.4	.8	.5- 2.4	1.2	.5- 1.7	1.0	.6- 2.2	1.2	.6- 2.1	.9	.5 - 1.8	.9	_____
Net profits on net sales.....	1.1- 7.0%	3.8%	.8- 6.3%	2.4%	.4- 5.2%	2.0%	1.0- 4.7%	2.0%	(2.2)- 6.7%	3.6%	.2- 4.0%	1.7%	_____
Net profits on net worth	3.5- 28.5%	14.5%	2.2- 21.6%	7.9%	1.3- 25.0%	8.8%	2.2- 14.8%	8.4%	.9- 17.1%	11.5%	1.4- 13.6%	10.7%	_____
Net profits on net working capital..	3.4- 28.2%	13.2%	2.7- 23.2%	6.1%	1.8- 17.1%	9.5%	2.4- 17.0%	10.1%	(3.2)- 23.2%	15.9%	1.1- 18.7%	5.4%	_____
Net sales to net worth.....	2.1- 5.3	3.7	2.2- 7.9	3.4	2.1- 5.5	3.3	2.5- 5.2	4.0	2.1- 6.6	3.6	3.1 - 8.0	6.3	_____
Net sales to net working capital..	2.4- 4.5	3.2	2.2- 4.2	3.0	2.2- 4.8	3.4	2.7- 5.7	3.7	2.5- 11.0	4.7	3.3 - 6.8	4.6	_____
Current liabilities on net worth	19.5- 91.4%	37.0%	22.5- 91.5%	57.0%	27.7- 84.7%	51.2%	23.7- 80.3%	47.1%	21.8-140.2%	57.4%	26.7 -127.4%	54.0%	_____
Total liabilities on net worth	28.1-233.9%	47.4%	29.9-211.4%	72.2%	31.4-130.4%	71.0%	31.1-138.1%	66.9%	15.6-194.8%	61.2%	32.6 -222.9%	127.2%	_____
Inventory on net working capital..	90.2-132.6%	106.6%	65.8-134.7%	86.9%	63.5-136.7%	95.1%	55.9-128.3%	93.0%	72.2-172.2%	110.2%	90.9 -143.5%	107.9%	_____

THE STAR PERFORMERS

Pacesetters for the Men's Wear Retailing Industry

Median, or middle, performance figures used throughout this report offer comparative guidelines for evaluating your firm's performance with that of similar firms and the industry as a whole. However, for firms seeking more aggressive growth, we've highlighted the top performance levels as reported in this Survey and suggest that for some, they may serve as more challenging goals.

The sole criterion for star performers was net profit before taxes as reported by the top twenty-five percent who participated in this Survey.

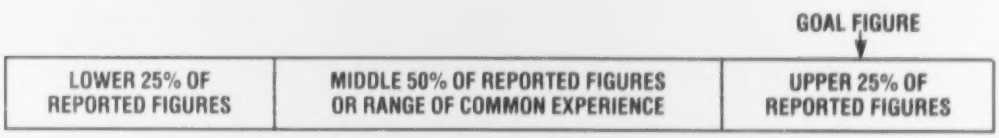
In an effort to find out what contributes most to star performances, we have analyzed key criteria such as gross margin and expense categories such as payroll, rent, advertising and total expense levels. The resulting analysis indicates that no single key expense criterion was responsible for the stellar performance and while in most cases expenses were lower than the industry median performance, an exception indicates that higher profits can still be attained through controlling gross margin.

Gross Margin Contribution to Top Performance. Gross margin levels reflect the effectiveness of merchandising procedures and practices. The components involved are initial markup, markdowns, shrinkage, incoming freight and discounts earned. Improvements in gross margin translate into direct increases in net profits. Complete open-to-buy budgeting by classification and strict adherence to plans is the surest way to improve gross margin.

Expense Control Contribution to Top Performance. Controlling expenses is another major area affecting net profit. Variations between median figures for all stores within each volume group and goal figures are even more marked in expense levels than in gross margin, indicating this area provides the greatest opportunity for profit improvement. Expense savings are best achieved by detailed budgeting of each item by month. A prompt analysis and thorough review of any figures out of line should result in early correction.

Payroll is the largest expense category and therefore worthy of most attention. Careful utilization of part-time help will keep costs down. Motivation of the entire staff is necessary in improving productivity. Selling help must be scheduled in accordance with customer traffic pattern as studied frequently. Keeping records simple and reports at a minimum, consistent with needs and efficiency, keeps non-selling payroll down.

Merchandise Control Contribution to Top Performance. Effective merchandise control contributes substantially to net profit. Improved turnover will result in lower markdowns, less accumulation of old goods, fewer lost sales because of balanced stocks, and an improved fashion image. Higher sales per square foot in turn results in a more exciting store, less shrinkage, lower selling cost and savings in many expense areas.


GOAL FIGURE
LOWER 25% OF REPORTED FIGURES
MIDDLE 50% OF REPORTED FIGURES OR RANGE OF COMMON EXPERIENCE
UPPER 25% OF REPORTED FIGURES

STAR PERFORMERS BY FIRM VOLUME

	GROUP I FIRMS ANNUAL SALES UNDER $300,000	GROUP II FIRMS ANNUAL SALES $300,000 to $499,999	GROUP III FIRMS ANNUAL SALES $500,000 to $999,999	GROUP IV FIRMS ANNUAL SALES $1,000,000 to $3,499,999	GROUP V FIRMS ANNUAL SALES $3,500,000 and over
	(8 Firms)	(10 Firms)	(11 Firms)	(6 Firms)	(4 Firms)
	Goal Figure	Goal Figure	Goal Figure	Goal Figure	Goal Figure
Gross margin, including income from leased departments	39.1	45.2	46.0	42.0	45.5
Total payroll	17.3	13.4	13.7	14.5	19.2
Advertising	2.5	2.4	3.2	3.0	1.9
Real property rentals	2.9	2.4	4.2	5.8	NA
Total expenses	28.9	39.2	38.4	33.1	41.2
Net profit, before Federal income taxes	7.6	8.8	9.5	8.4	9.0

STAR PERFORMERS BY GEOGRAPHIC (FEDERAL RESERVE DISTRICT) AREA

	NORTHEAST Boston, Philadelphia, New York, F.R. Dist.	SOUTHEAST Richmond, Atlanta F.R. Dist.	NORTH CENTRAL Cleveland, Chicago F.R. Dist.	CENTRAL St. Louis, Minneapolis, Kansas City F.R. Dist.	SOUTHWEST Dallas F.R. Dist.	WEST San Francisco F.R. Dist.
	(9 Firms)	(11 Firms)	(9 Firms)	(8 Firms)	(0 Firms)	(2 Firms)
	Goal Figure	Goal Figure	Goal Figure	Goal Figure	Goal Figure	Goal Figure
Gross margin, including income from leased departments	42.8	46.0	44.8	40.7	NA	NA
Total payroll	13.5	16.9	13.2	15.3	NA	NA
Advertising	2.7	2.6	3.1	3.3	NA	NA
Real property rentals	2.7	3.1	4.2	4.0	NA	NA
Total expenses	36.1	38.0	40.1	34.3	NA	NA
Net profit, before Federal income taxes	7.6	7.9	9.6	9.5	NA	NA

STORE EMPLOYEES AND WHAT THEY DO

No change was reported in the average number of employees for the typical men's wear store in Groups I and II. In Groups III, IV, and V, the median number of store employees in each Group decreased by one employee from 1985 levels.

Group V firms increased the median number of buying and merchandising employees from 3 to 5, while store management personnel was reduced from 6 to 5. The median number of full-time sales employees dropped from 30 to 25, the lowest in ten years. The average number of part-time sales personnel rose from 11 to 14.

STORE EMPLOYEES AND WHAT THEY DO BY FIRM VOLUME

	GROUP I FIRMS ANNUAL SALES UNDER $300,000	GROUP II FIRMS ANNUAL SALES $300,000 to $499,999	GROUP III FIRMS ANNUAL SALES $500,000 to $999,999	GROUP IV FIRMS ANNUAL SALES $1,000,000 to $3,499,999	GROUP V FIRMS ANNUAL SALES $3,500,000 and over
Average No. of employees					
Range of common experience	2-4	3-4	4- 9	11-21	44-101
Median	3	4	6	16	67
General management					
Range of common experience	1-1	1-2	1-2	1-3	2-3
Median	1	1	2	2	3
Office personnel					
Range of common experience	NA	1-1	1-2	1-3	4-14
Median	NA	1	1	2	8
Buying & merchandising					
Range of common experience	1-1	1-1	1-2	1-2	3-7
Median	1	1	1	1	5
Store management					
Range of common experience	NA	1-2	1-1	1-3	3-7
Median	NA	1	1	1	5
Full-time sales					
Range of common experience	1-2	1-2	2-5	4-8	20-36
Median	1	2	3	7	25
Part-time sales					
Range of common experience	1-3	1-2	1-3	2-7	5-23
Median	2	2	2	4	14
Tailoring & alterations					
Range of common experience	1-1	1-1	1-2	2-5	8-16
Median	1	1	1	3	11
Warehouse, delivery, maintenance					
Range of common experience	NA	NA	1-1	1-2	2-7
Median	NA	NA	1	1	4

HOW PRODUCTIVE ARE YOUR EMPLOYEES

In an effort to help the retailer evaluate his employee's productivity, the average number of employees working for each Survey participant was divided into the key business figures of annual sales, gross margin, and operating profits. The results are an indication of your employees' contribution to the overall store profits and of individual productivity. The figures represent median performance levels and are not those of the outstanding performers. This should be kept in mind when setting individual performance goals for your employees.

Following a two-year decline in average total sales per employee, Group I firms saw 1986 median sales per employee increase to $74,000 from $66,100 in 1985. This Group also posted an increase in the typical amount of profit per employee, moving up from a median $2,100 per employee in 1985 to a median $2,800 for 1986.

Group II firms also saw median sales per employee increase, moving up to $108,000 per employee in 1986 from the 1985 level of $102,800. Profit per employee dropped 20 percent to a median $4,000 in 1986, compared with $5,000 in 1985.

Group V firms experienced declines in both sales and profit per employee. In 1985, Group V firms had reported median sales per employee of $90,400, but in 1986, the median sales per employee were $83,500, off 8 percent from year-earlier levels. At the same time, Group V firms suffered a sharp decline in median profits per employee, dropping 52 percent from $2,900 to $1,400 per employee in 1986 compared with 1985.

STORE EMPLOYEE PRODUCTIVITY BY FIRM VOLUME
(In Thousands of Dollars)

	GROUP I FIRMS ANNUAL SALES UNDER $300,000	GROUP II FIRMS ANNUAL SALES $300,000 to $499,999	GROUP III FIRMS ANNUAL SALES $500,000 to $999,999	GROUP IV FIRMS ANNUAL SALES $1,000,000 to $3,499,999	GROUP V FIRMS ANNUAL SALES $3,500,000 and over
Average total sales per employee					
Range of common experience	$56.0 - 96.7	$91.9-138.3	$74.2-148.3	$83.4-128.0	$69.3-106.7
Median	$74.0	$108.0	$111.3	$107.5	$83.5
Average gross margin per employee					
Range of common experience	$20.4 - 41.7	$37.8- 54.2	$33.8- 64.6	$36.2- 53.9	$33.2-48.0
Median	$29.6	$44.4	$47.3	$46.0	$40.2
Average profit per employee					
Range of common experience	$(1.8)- 4.9	$ 1.8- 8.1	$ .4- 6.9	$ .6- 5.2	$ .3- 4.7
Median	$ 2.8	$ 4.0	$ 2.2	$ 1.7	$ 1.4

On a regional basis, firms in the Northeast turned in the best performance for the third year in a row, increasing average sales per employee by 62 percent from a median $101,500 in 1985 to $164,100 in 1986. However, firms in the Northeast also reported a 30 percent decrease in average operating profit dollars per employee, slipping to a median $2,300 for 1986 compared with $3,300 in 1985. Firms in the Southeast experienced a 24 percent increase in average total sales per employee, topping off at a median $103,400. The average operating profit dollars per employee in the Southeast moved from a median $2,100 in 1985 to $3,200 in 1986, a 52 percent increase. After a dramatic 107 percent gain in 1985 average operating profit dollars per employee, firms in the Southwest declined from a median $2,900 per employee in 1985 to a median $2,000 in 1986. The average sales per employee in the Southwest improved by 17 percent over 1985, ending the year at a median $110,200 compared with $94,000 in 1985.

STORE EMPLOYEE PRODUCTIVITY BY METROPOLITAN (TRADING) AREA SIZE

(In Thousands of Dollars)

	POPULATION Less Than 25,000 (35)Firms)		POPULATION 25,000-49,999 (28 Firms)		POPULATION 50,000-99,999 (33 Firms)		POPULATION 100,000-499,999 (34 Firms)		POPULATION 500,000-999,999 (10 Firms)		POPULATION 1,000,000 and over (20 Firms)	
	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm
Average Total Sales Per Employee	$67.4-127.8	$97.0	$83.1-130.6	$104.3	$74.5-124.6	$96.8	$76.3-132.6	$97.4	$ 76.4 -127.1	$91.6	$ 76.0 -128.0	$97.1
Average Gross Margin Dollars Per Employee	$26.0- 51.1	$37.0	$36.0- 52.7	$43.1	$33.6- 57.3	$42.8	$35.9- 56.6	$43.4	$ 34.0 - 63.0	$43.4	$ 36.1 - 53.7	$46.1
Average Operating Profit Dollars Per Employee	$ 1.0- 7.4	$ 3.4	$ .8- 5.9	$ 2.4	$ .3- 6.4	$ 1.9	$ .7- 5.3	$ 2.4	$(1.6)- 8.2	$ 3.6	$ .2- 5.0	$ 1.3

STORE EMPLOYEE PRODUCTIVITY BY GEOGRAPHIC (Federal Reserve District) AREA

(In Thousands of Dollars)

	NORTHEAST Boston, Philadelphia, New York, F.R. Dist.		SOUTHEAST Richmond, Atlanta F.R. Dist.		NORTH CENTRAL Cleveland, Chicago F.R. Dist.		CENTRAL St. Louis, Minneapolis, Kansas City F.R. Dist.		SOUTHWEST Dallas F.R. Dist.		WEST San Francisco F.R. Dist.	
	(30 Firms)		(36 Firms)		(37 Firms)		(29 Firms)		(6 Firms)		(22 Firms)	
	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm
Average Total Sales Per Employee	$74.1-123.2	$104.1	$80.9-122.1	$103.4	$74.2-135.2	$96.8	$75.7-116.1	$91.1	$78.5-128.5	$110.1	$76.4-132.5	$107.7
Average Gross Margin Dollars Per Employee	$33.8- 51.9	$44.4	$35.6-52.5	$42.8	$32.5- 58.1	$44.0	$34.0- 53.9	$37.7	$36.5- 59.3	$47.1	$30.6- 54.6	$46.5
Average Operating Profit Dollars Per Employee	$(<.1)- 6.2	$ 2.3	$ 1.0- 7.5	$ 3.2	$ .7- 7.0	$ 2.4	$ .8- 7.7	$ 3.4	$ 1.2- 4.7	$ 2.0	$(1.0)- 3.5	$ 1.0

SALESPERSON PRODUCTIVITY AND COMPENSATION

Firms in Group I (under $300,000) experienced the biggest increase in average sales per sales employee with a median performance of $134,700 per employee, up 29 percent from the median $104,800 reported in 1985. The most significant increase in average pay per sales employee was reported by Group II firms ($300,000 to $499,999) where typical pay moved up 32 percent to a median $16,100 per employee from $12,200 in 1985.

Group V firms ($3,500,000 and over) showed decreases in both average sales and average pay per sales employee for 1986 compared with 1985. Average sales per sales employee fell off 19 percent to a median $158,200 for the year and average pay per sales employee went down 24 percent from a median $21,000 in 1985 to $15,900 in 1986.

On a regional basis, firms in the Southeast reported a 31 percent increase in average sales per sales employee, reaching a median $183,000 in 1986. Average 1986 compensation for sales employees in the Southeast increased 12 percent to a median $15,000, compared with $13,400 in 1985. In the Northeast, average sales per employee dropped 14 percent to a median $167,600 in 1986, and median compensation for sales employees decreased by 28 percent to $14,500 for the year.

SALES PRODUCTIVITY BY FIRM VOLUME
(in Thousands of Dollars)

Volume Group	AVERAGE SALES PER SALES EMPLOYEE		AVERAGE PAY PER SALES EMPLOYEE	
	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm
Under $300,000	$ 94.5-185.3	$134.7	$ 9.5-16.6	$12.3
$300,000 to $499,999	$136.9-246.4	$180.1	$10.5-22.9	$16.1
$500,000 to $999,999	$119.4-291.6	$194.2	$10.8-23.2	$16.1
$1,000,000 to $3,499,999	$134.7-279.7	$205.8	$13.7-24.6	$18.2
$3,500,000 and over	$140.5-207.6	$158.2	$13.5-22.1	$15.9

SALES PRODUCTIVITY BY GEOGRAPHIC (Federal Reserve District) AREA
(in Thousands of Dollars)

Geographic Area	AVERAGE SALES PER SALES EMPLOYEE		AVERAGE PAY PER SALES EMPLOYEE	
	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm
Northeast	$130.7-263.1	$167.6	$ 9.7-21.1	$14.5
Southeast	$127.5-265.4	$183.0	$11.8-23.2	$15.0
North Central	$133.7-270.3	$174.6	$11.4-21.9	$17.3
Central	$129.0-241.7	$169.1	$10.1-21.4	$14.6
Southwest	$132.9-350.5	$259.4	$11.2-32.1	$23.4
West	$132.6-251.1	$185.1	$13.4-23.0	$17.4

SALES PRODUCTIVITY BY METROPOLITAN (TRADING) AREA SIZE
(in Thousands of Dollars)

Metropolitan Size	AVERAGE SALES PER SALES EMPLOYEE		AVERAGE PAY PER SALES EMPLOYEE	
	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm
Under 25,000	$132.3-210.7	$165.3	$ 9.5-17.9	$12.7
25,000 to 49,999	$142.3-268.4	$180.6	$13.0-23.2	$17.0
50,000 to 99,999	$129.3-286.0	$192.6	$11.0-23.8	$17.3
100,000 to 499,999	$122.8-283.9	$176.5	$11.1-21.1	$15.7
500,000 to 999,999	$122.4-269.2	$177.7	$13.5-26.8	$22.1
1,000,000 and over	$132.0-262.8	$173.9	$15.9-24.8	$18.2

1986 STORE OWNER COMPENSATION
(in Thousands of Dollars)

Firm Volume	Range of Common Experience	Median
Under $300,000	$10.0- 24.0	$14.7
$300,000 to $499,999	$14.9- 26.7	$22.1
$500,000 to $999,999	$18.7- 38.9	$30.2
$1,000,000 to $3,499,999	$38.5- 76.2	$56.7
$3,500,000 and over	$57.1- 83.1	$65.9

Geographic Area	Range of Common Experience	Median
Northeast	$21.3-62.9	$34.4
Southeast	$21.1-57.7	$37.5
North Central	$19.8-58.9	$37.2
Central	$13.7-61.2	$33.5
Southwest	$26.6-88.8	$51.3
West	$21.9-58.1	$33.2

Metropolitan Size	Range of Common Experience	Median
Under 25,000	$11.4- 39.4	$24.9
25,000 to 49,999	$15.0- 37.4	$24.2
50,000 to 99,999	$22.8- 58.0	$34.7
100,000 to 499,999	$30.6- 58.9	$46.0
500,000 to 999,999	$51.7- 83.0	$66.0
1,000,000 and over	$28.5-127.0	$63.7

1986 ALTERATION/TAILORING PERSONNEL COMPENSATION
(in Thousands of Dollars)

Firm Volume	Range of Common Experience	Median
Under $300,000	NA	NA
$300,000 to $499,999	$ 7.8-15.6	$11.8
$500,000 to $999,999	$12.1-20.3	$15.4
$1,000,000 to $3,499,999	$10.5-18.4	$15.3
$3,500,000 and over	$11.3-18.6	$15.5

Geographic Area	Range of Common Experience	Median
Northeast	$11.8-19.6	$15.6
Southeast	$ 8.4-16.7	$12.0
North Central	$12.3-20.7	$16.5
Central	$10.3-18.6	$11.2
Southwest	$13.6-19.7	$17.4
West	$11.4-17.1	$13.2

Metropolitan Size	Range of Common Experience	Median
Under 25,000	NA	NA
25,000 to 49,999	$ 9.9-19.3	$12.6
50,000 to 99,999	$11.5-19.9	$15.3
100,000 to 499,999	$ 8.6-16.5	$14.2
500,000 to 999,999	$11.0-18.4	$13.6
1,000,000 and over	$15.3-19.7	$17.0

1986 PROFIT AND MERCHANDISING INFORMATION FOR ALL FIRMS

Net profits before taxes regained some of the ground lost in 1985, moving back up to a median 2.5 percent of sales in 1986 from the ten-year low of 2.2 percent reported in 1985. The Profit Performance Table shown below indicates 18 percent of the Survey respondents suffered a loss in 1986, an improvement over the 21 percent of responding firms reporting a loss in 1985. Of those firms reporting a profit, 65 percent fell into the range of between 0 and 4.9 percent of sales, a further improvement over the 1985 profile which showed 52 percent of responding firms in this category. Of all firms participating, 28 percent reported net profits of 5 percent of sales or greater.

Gross margin (excluding net alterations expense) fluctuated only two-tenths of a percent, ending 1986 at 44.2 percent of sales compared with 44.4 percent in 1985. Net alterations costs in 1986 fell back into line after hitting a high of 2.4 percent of sales in 1985 which had outpaced the previous high of 2.2 percent of sales set in 1979-80. For 1986, net alterations costs were reported at a median 1.9 percent of sales.

1986 PROFIT PERFORMANCE—ALL FIRMS

PROFIT PERCENTAGE	NUMBER OF FIRMS	PERCENTAGE OF TOTAL FIRMS
Loss	29	18%
0.0- 0.9	19	12
1.0- 1.9	25	16
2.0- 2.9	14	9
3.0- 3.9	15	10
4.0- 4.9	11	7
5.0- 5.9	11	7
6.0- 6.9	6	4
7.0- 7.9	8	5
8.0- 8.9	3	2
9.0- 9.9	2	1
10.0-10.9	6	4
11.0-11.9	2	1
12.0-12.9	2	1
13.0-13.9	2	1
14.0-14.9	—	—
15.0-15.9	2	1
16.0 and over	1	1
	158	100.0%

MERCHANDISING

For the third consecutive year, men's clothing department sales as a percentage of total sales remained about the same. Over the last three years, this percentage has fluctuated only nine-tenths of a percent. Men's suits as a percentage of total sales rose three-tenths of a percent to a median 17.7 percent, matching the previous five-year high established in 1983. As a percent of clothing department sales, men's suits gained slightly, moving from a median 43.8 percent of clothing sales in 1985 to 44.3 percent in 1986.

For firms handling men's wear only, clothing sales as a percent of total store sales decreased 9 percentage points to 45.5 percent of total sales in 1986. Firms handling women's wear saw men's clothing as a percent of total store sales slip 2.9 percentage points to a median 32.8 percent of total store sales.

Sport coats, as a percent of total store sales, fell off 14 percent from year-earlier levels, hitting a median 11.7 percent of total store sales compared with 13.6 percent in 1985. However, sales of dress slacks remained about the same as the previous year, edging up only slightly to a median 8.8 percent of total store sales in 1986 from the 1985 experience of 8.6 percent of total sales. As a share of clothing department sales, the 1986 Survey shows dress slacks representing a median 21.5 percent of clothing sales compared with 19.5 percent of clothing department sales in 1985.

Men's sportswear, as a share of total store sales, changed only fractionally from its 1985 level, and categories within the sportswear classification also showed little change in 1986 compared with 1985.

Men's furnishings reversed its downward drift of the last two years, moving back up to a median 18.1 percent share of total sales from its 1985 performance of a median 16.8 percent of total sales, and nearly matching the five-year high of 18.2 percent in 1983.

INVENTORY TURNOVER AND AVERAGE INITIAL MARKUP

The median annual stock turnover rate slipped back to a 1.7 times turn in 1986 after holding steady at the 2.0 times turn level since 1984. Firms handling men's wear only experienced an overall median turnover rate of 1.4 against their 1985 experience of 2.3 times. Firms handling women's wear reported only a slight fluctuation, from a 1.9 times turn in 1985 to 1.8 turns in 1986. Turnover of men's clothing inventory continued to slow, with the 1986 performance reported at a median 1.3 times compared with a 1.6 times turn in 1985 and a 1.7 times rate in 1984. Inventory turnover in sportswear and furnishings fell to 2.0 times from 2.3, and to 1.4 times from 1.9, respectively.

Average initial markup held the line at a median 53.6 percent, matching its 1984 performance, and just slightly better than the 53.5 percent reported for 1985. Within the merchandise classifications, average initial markup changed very little, moving up or down less than a percentage point in all cases except boys' and teens' clothing, which increased from a median 50.0 percent in 1985 to 53.0 percent in 1986.

ALL FIRMS OPERATING EXPERIENCES
1986 AVERAGE INITIAL MARKUP BY MERCHANDISE CLASSIFICATION*

(Classification Numbers, 010-890, are taken from MRA's Financial & Operations Group "Menswear Basic Management Accounting Manual.")	ALL FIRMS (57 Firms)		YOUR FIRM	FIRMS HANDLING MEN'S WEAR ONLY (22 Firms)		FIRMS HANDLING WOMEN'S WEAR (35 Firms)	
	Range of Common Experience	Median Firm		Range of Common Experience	Median Firm	Range of Common Experience	Median Firm
MEN'S CLOTHING (010-090)							
Total Men's Clothing	52.4-55.2	53.9	_____	51.7-57.3	54.2	52.5-54.9	53.7
MEN'S SPORTSWEAR (100-250)							
Total Men's Sportswear	52.0-55.7	53.9	_____	51.8-56.1	52.6	52.6-55.5	54.4
MEN'S FURNISHINGS (260-295)							
Total Men's Furnishings	51.8-55.7	53.7	_____	50.3-56.4	54.0	51.9-55.4	53.5
BOYS' AND TEENS' (400-560)							
Total Boys' and Teens'	48.8-54.7	53.0	_____	39.3-56.0	53.0	49.1-54.6	52.5
MEN'S AND BOYS' SHOES (570-595)							
Total Men's and Boys' Shoes	48.4-52.7	50.8	_____	45.3-55.2	48.4	49.1-52.6	51.2
WOMEN'S (Misses and Juniors) WEAR (600-773)							
Total Women's Wear	52.1-55.0	53.6	_____	NA	NA	52.1-55.0	53.6
WESTERN WEAR (810-890)							
Total Western Wear	NA	NA	_____	NA	NA	NA	NA
OVERALL TOTAL	52.3-54.6	53.6	_____	50.9-56.4	53.9	52.5-54.2	53.6

*For each major department, only those stores reporting that classification are included in the tabulation.
Average Initial markup is the percent difference between the cost of goods purchased (including freight cost) and the original retail price, divided by the original retail price. For this purpose cash discounts are not subtracted.

SHRINKAGE

Retailers regained control of inventory shrinkage in 1986, bringing the median annual shrinkage figure back down to 1.2 percent of sales from the 1.7 percent of sales hit in 1985. Firms handling women's wear matched the industry performance of 1.2 percent of sales, following a 1.7 percent annual shrinkage rate in 1985. Firms handling exclusively men's wear reported a median shrinkage rate of 1.3 percent of sales for 1986, compared with 1.8 percent of sales in 1985 and 1.6 percent in 1984.

The most dramatic change in shrinkage control came in the men's clothing department where losses were brought down to 15.3 percent of total store shrinkage in 1986 versus 33.3 percent in 1985. Women's wear accounted for 32.6 percent of total store shrinkage in 1986, up from the 25.4 percent of total shrinkage reported in 1985.

SHRINKAGE BY MAJOR DEPARTMENT AS A PERCENTAGE OF TOTAL SHRINKAGE

Major Department	ALL FIRMS (36 Firms)		
	Range of Common Experience	Median Firm	YOUR FIRM
Men's Clothing	2.3-35.6	15.3	_____ %
Men's Sportswear	15.7-32.2	21.9	_____ %
Men's Furnishings	10.7-41.7	19.7	_____ %
Boys' and Teens'	(4.0)-11.4	1.9	_____ %
Men's and Boys' Shoes	4.1-14.5	9.5	_____ %
Women's Wear	10.2-44.7	32.6	_____ %

LEASED DEPARTMENT SALES AS A PERCENT OF TOTAL FIRM SALES

Leased Department	Range of Common Experience	Median
Shoes	3.8-16.4	6.7
Women's Wear	NA	NA
Tuxedo Rental	.9- 7.0	3.6
Miscellaneous* firm sales	2.3-11.2	8.9
Overall Total	3.8-16.3	7.2

*Miscellaneous leased departments include hobby shops, plants, hats, men's hairpiece, beauty and barber, jewelry, luggage, and ski and sports equipment shops.

ALL FIRMS OPERATING EXPERIENCES

1986 MERCHANDISING AND PRODUCTIVITY DATA

	ALL FIRMS (161 Firms)			FIRMS HANDLING MEN'S WEAR ONLY (75 Firms)		FIRMS HANDLING WOMEN'S WEAR (86 Firms)	
	Range of Common Experience	Median Firm	YOUR FIRM	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm
SALES DATA							
Increase in total net sales from last year	(3.6)- 8.8	3.6	____ %	(4.2)- 11.1	2.2	(.9) - 8.2	3.9
Sales per square foot of total store area in dollars	86.8 -184.3	110.6	_____	89.2 -178.3	107.6	85.0 -188.3	127.0
SELLING AND ADVERTISING COST							
Selling payroll, percent of net sales excluding leased departments	7.8 - 11.0	9.2	_____	6.7 - 10.6	8.9	8.1 - 11.4	9.7
Advertising percent of net sales excluding leased departments	2.4 - 4.7	3.4	_____	2.6 - 5.3	3.7	2.1 - 4.2	3.3
MERCHANDISING DATA							
Annual stock turn, number of times at retail	1.3 - 2.1	1.7	_____	1.0 - 1.9	1.4	1.5 - 2.2	1.8
Transportation in charges on goods purchased as a percent of total sales	.4 - 1.2	.9	_____	.4- 1.3	.9	.6 - 1.1	.9
Beginning 1986 inventory as a percent of 1985 sales	19.8 - 34.1	25.6	_____	20.0 - 34.2	26.7	18.8 - 33.6	24.9
Ending 1986 inventory as a percent of 1986 sales	19.5 - 33.5	25.5	_____	19.9 - 34.6	26.8	19.1 - 32.6	24.4
ALTERATION DATA AND COST							
Net workroom cost, percent of net sales excluding leased departments	.9 - 3.1	1.9	_____	1.2 - 3.1	2.0	.7 - 3.1	1.9
Net alterations cost, percent of men's clothing sales	4.2 - 8.2	6.0	_____	3.9 - 7.0	5.5	4.4 - 8.7	6.2
Income from alterations, percent of net sales excluding leased departments	.3- 1.1	.6	_____	.4 - 1.1	.7	.2 - 1.0	.5
PROFIT AND FINANCIAL DATA							
Income from leased departments, percent of leased departments sales	12.9- 27.7	14.9	_____	15.2 - 33.3	21.9	12.5 - 15.2	14.5
Cash discounts earned as % of net sales	.3- 1.3	.5	_____	.2 - .5	.4	.5 - 1.9	1.1
Net profit on net sales	.7- 5.3	2.5	_____	1.1 - 6.5	3.0	.3 - 5.1	1.8
Net profit on net worth	2.4- 19.7	10.5	_____	4.0- 24.7	11.1	1.8 - 16.8	9.9
Net profit on net working capital	2.5- 21.1	10.7	_____	3.7 - 21.6	10.8	2.2 - 16.6	10.0

ALL FIRMS OPERATING EXPERIENCES

1986 PERCENTAGE DISTRIBUTION OF TOTAL SALES BY MERCHANDISE CLASSIFICATION*

(Classification Numbers, 010-890, are taken from MRA's Financial & Operations Group "Menswear Basic Management Accounting Manual.")	ALL FIRMS (85 Firms)		YOUR FIRM	FIRMS HANDLING MEN'S WEAR ONLY (40 Firms)		FIRMS HANDLING WOMEN'S WEAR (45 Firms)	
	Range of Common Experience	Median Firm		Range of Common Experience	Median Firm	Range of Common Experience	Median Firm
MEN'S CLOTHING							
010 Men's Suits	10.0-26.0	17.7	____%	11.1-27.1	20.2	9.3-23.7	15.3
040 Men's Coats	1.2- 3.1	2.0	_____	1.2- 3.8	2.4	1.2- 3.0	1.8
060 Sport Coats	8.3-14.8	11.7	_____	10.9-18.6	13.5	6.6-13.1	9.6
080 Dress Slacks	5.5-11.4	8.8	_____	8.8-13.2	10.2	4.3-9.1	6.5
Total Men's Clothing	27.5-52.4	41.3	_____	33.9-57.0	45.5	20.3-48.6	32.8
MEN'S SPORTSWEAR							
100 Sport Shirts	4.5-11.7	7.4	_____	5.7-13.8	8.8	3.9-10.1	5.8
130 Sweaters	2.6- 5.8	3.9	_____	2.9- 6.5	5.4	2.3- 5.0	3.6
150 Actionwear	.8- 3.0	1.7	_____	.8- 4.7	1.8	.8- 2.4	1.7
180 Casual Slacks	2.1- 5.3	3.2	_____	2.7-5.4	4.0	1.5- 5.0	2.8
200 Jeans	1.5- 6.9	2.8	_____	1.6- 6.8	2.8	1.4- 7.5	2.4
220 Jackets & Heavy Outerwear	1.8- 5.0	2.7	_____	2.4- 5.5	3.7	1.5- 3.4	2.2
240 Coordinated Leisurewear	.2- 2.0	.7	_____	.2- 2.8	1.6	.2- 1.0	.6
Total Men's Sportswear	14.1-31.5	20.1	_____	17.0-40.2	24.5	11.0-25.3	18.6
MEN'S FURNISHINGS							
260 Dress Shirts	5.3- 8.7	7.1	_____	5.9-10.3	8.3	4.8- 7.6	6.0
290 Neckwear	2.9- 5.5	4.0	_____	3.3- 6.0	3.9	2.3- 5.3	4.1
300 Hosiery	.8- 1.5	1.0	_____	.9-1.8	1.3	.8- 1.3	.9
310 Men's Belts	.7- 1.3	.9	_____	.9-1.5	1.2	.6- 1.2	.8
320 Men's Accessories	1.2- 3.3	2.0	_____	1.2- 4.8	2.6	1.1- 2.9	1.9
340 Underwear	.5- 1.8	1.2	_____	.7- 2.2	1.5	.5- 1.5	.7
360 Sleepwear	.3- 1.0	.6	_____	.5- 1.3	.7	.3- .9	.5
380 Men's Headwear	.2- .7	.4	_____	.3- .8	.5	.2- .6	.3
Total Men's Furnishings	14.4-22.0	18.1	_____	17.7-23.5	20.7	12.7-19.7	15.2
BOYS' AND TEENS'							
400–440 Clothing	.3- 1.3	.5	_____	NA	NA	.3- 2.6	.6
450–510 Sportswear	1.6- 4.8	2.8	_____	1.7- 4.8	3.5	1.5-10.0	2.8
520–560 Furnishings	.4- 2.3	.8	_____	NA	NA	.4- 2.7	1.4
Total Boys' and Teens'	.8- 5.7	2.9	_____	.8- 4.4	1.3	6-10.1	3.6
MEN'S AND BOYS' SHOES							
570–595	2.3- 6.3	3.9	_____	3.1- 9.2	5.3	2.0- 6.0	3.3
WOMEN'S WEAR							
600–699 Misses	7.1-28.7	16.9	_____	NA	NA	7.1-28.7	16.9
700–773 Junior	3.0-38.2	8.7	_____	NA	NA	3.0-38.2	8.7
Total Women's Wear	8.5-36.2	20.6	_____	NA	NA	8.5-36.2	20.6
WESTERN WEAR							
810–890	NA	NA	_____	NA	NA	NA	NA
OVERALL TOTAL		100.0	_____		100.0		100.0

*For each merchandise classification, only those stores reporting that classification are included in the tabulation.

ALL FIRMS OPERATING EXPERIENCES

1986 PERCENTAGE DISTRIBUTION OF SALES WITHIN MAJOR DEPARTMENTS BY MERCHANDISE CLASSIFICATION*

Percentage Distribution of Men's Clothing Sales by Merchandise Classification**	ALL FIRMS (84 Firms)		YOUR FIRM	FIRMS HANDLING MEN'S WEAR ONLY (39 Firms)		FIRMS HANDLING WOMEN'S WEAR (45 Firms)	
	Range of Common Experience	Median Firm		Range of Common Experience	Median Firm	Range of Common Experience	Median Firm
MEN'S CLOTHING							
010 Men's Suits	34.0-49.0	44.3	____%	30.2-48.4	42.6	37.1-51.0	46.4
040 Men's Coats	3.7- 7.6	5.6	_____	2.5- 6.9	5.1	4.1- 8.9	5.7
060 Sport Coats	26.5-35.9	30.2	_____	26.8-34.6	31.6	25.1-37.4	29.8
080 Dress Slacks	15.4-30.7	21.5	_____	17.2-31.7	25.1	14.8-25.1	18.3
Total Men's Clothing		100.0	_____		100.0		100.0
Percentage Distribution of Men's Sportswear Sales by Merchandise Classification**	**Range of Common Experience**	**Median Firm**	**YOUR FIRM**	**Range of Common Experience**	**Median Firm**	**Range of Common Experience**	**Median Firm**
MEN'S SPORTSWEAR							
100 Sport Shirts	27 7-41.8	35.2	____%	26.9-42.0	36.4	27.9-41.9	34.0
130 Sweaters	13.6-26.5	20.3	_____	13.8-24.0	19.0	12.8-29.1	21.3
150 Actionwear	5.4-11.6	8.6	_____	3.8-12.1	7.2	6.1-10.8	9.1
180 Casual Slacks	11.5-23.0	16.6	_____	11.7-22.6	16.6	10.7-23.1	16.4
200 Jeans	5.3-15.7	10.4	_____	6.8-15.1	11.2	5.1-20.8	8.1
220 Jackets & Heavy Outerwear	10.7-17.8	13.6	_____	10.8-19.2	13.4	9.2-16.7	13.6
240 Coordinated Leisurewear	.8- 6.2	2.2	_____	.8- 6.6	3.5	.6- 7.0	1.8
Total Men's Sportswear		100.0	_____		100.0		100.0
Percentage Distribution of Men's Furnishings Sales by Merchandise Classification**	**Range of Common Experience**	**Median Firm**	**YOUR FIRM**	**Range of Common Experience**	**Median Firm**	**Range of Common Experience**	**Median Firm**
MEN'S FURNISHINGS							
260 Dress Shirts	34.0-43.3	39.4	____%	33.3-46.0	39.9	34.5-42.6	38.3
290 Neckwear	17.5-31.2	23.9	_____	16.7-29.9	19.5	17.7-31.8	25.7
300 Hosiery	4.4- 8.1	5.9	_____	4.3- 8.2	6.2	4.4- 8.2	5.6
310 Men's Belts	4.6- 6.8	5.5	_____	4.1- 6.6	5.7	4.7- 7.3	5.4
320 Men's Accessories	7.8-17.7	11.8	_____	6.9-22.2	11.1	8.3-15.5	11.9
340 Underwear	2.9-10.7	6.5	_____	2.8-12.1	7.2	2.9-10.3	5.3
360 Sleepwear	2.3- 5.3	3.7	_____	2.1- 6.6	4.2	2.3- 4.8	3.3
380 Men's Headwear	1.2- 3.8	2.6	_____	1.4- 3.8	2.7	1.0- 4.0	2.1
Total Men's Furnishings		100.0	_____		100.0		100.0

*For each merchandise category, only those stores reporting that category are included in the tabulation.

**Classification numbers are those used in MRA's Financial & Operations Group "Menswear Basic Management Accounting Manual."

ALL FIRMS OPERATING EXPERIENCES

1986 PERCENTAGE DISTRIBUTION OF AVERAGE INVENTORY WITHIN MAJOR DEPARTMENTS BY MERCHANDISE CLASSIFICATION*

Percentage Distribution of Men's Clothing Sales by Merchandise Classification**	ALL FIRMS (52 Firms) Range of Common Experience	ALL FIRMS (52 Firms) Median Firm	YOUR FIRM	FIRMS HANDLING MEN'S WEAR ONLY (22 Firms) Range of Common Experience	FIRMS HANDLING MEN'S WEAR ONLY (22 Firms) Median Firm	FIRMS HANDLING WOMEN'S WEAR (30 Firms) Range of Common Experience	FIRMS HANDLING WOMEN'S WEAR (30 Firms) Median Firm
MEN'S CLOTHING							
010 Men's Suits	41.1-50.6	45.6	____ %	41.3-51.0	43.6	40.5-51.0	45.8
040 Men's Coats	3.0- 6.9	5.2	_____	2.2- 6.1	3.7	4.3- 7.7	5.5
060 Sport Coats	25.7-38.3	31.7	_____	25.9-38.5	28.7	24.9-38.6	33.2
080 Dress Slacks	11.9-22.5	16.2	_____	12.5-26.8	17.2	11.8-20.0	15.3
Total Men's Clothing		100.0	_____		100.0		100.0
Percentage Distribution of Men's Sportswear Sales by Merchandise Classification**	**Range of Common Experience**	**Median Firm**	**YOUR FIRM**	**Range of Common Experience**	**Median Firm**	**Range of Common Experience**	**Median Firm**
MEN'S SPORTSWEAR							
100 Sport Shirts	25.3-35.2	30.3	____ %	25.0-37.2	30.4	24.6-34.8	29.9
130 Sweaters	12.0-26.1	18.8	_____	14.5-26.1	18.6	10.2-28.9	19.6
150 Actionwear	4.5-11.8	8.5	_____	2.4-11.5	6.9	6.7-12.7	9.6
180 Casual Slacks	12.3-24.9	18.0	_____	9.4-23.5	17.6	13.2-27.3	18.2
200 Jeans	10.0-17.7	13.3	_____	8.1-18.6	13.1	9.5-18.3	13.6
220 Jackets & Heavy Outerwear	10.4-20.3	13.4	_____	12.0-22.3	15.8	10.2-20.1	13.2
240 Coordinated Leisurewear	.7- 6.2	2.0	_____	.6- 4.8	1.9	.9-10.1	2.0
Total Men's Sportswear		100.0	_____		100.0		100.0
Percentage Distribution of Men's Furnishings Sales by Merchandise Classification**	**Range of Common Experience**	**Median Firm**	**YOUR FIRM**	**Range of Common Experience**	**Median Firm**	**Range of Common Experience**	**Median Firm**
MEN'S FURNISHINGS							
260 Dress Shirts	34.7-46.7	42.5	____ %	34.4-50.2	41.3	34.8-45.7	42.6
290 Neckwear	12.6-25.7	18.8	_____	11.8-25.0	19.0	13.4-27.6	18.6
300 Hosiery	3.7- 7.4	5.1	_____	3.3- 7.3	4.4	3.8- 7.4	5.5
310 Men's Belts	4.6- 8.4	6.2	_____	4.9- 9.6	6.2	4.5- 7.8	5.9
320 Men's Accessories	8.6-16.8	13.5	_____	7.3-16.6	11.4	9.4-17.5	14.2
340 Underwear	4.3-11.6	8.6	_____	2.8-13.2	9.2	5.4-10.4	8.1
360 Sleepwear	2.7- 5.6	4.5	_____	3.5- 6.7	4.6	1.7- 5.3	3.5
380 Men's Headwear	1.4- 4.3	3.1	_____	2.8- 5.1	3.4	1.2- 3.5	2.2
Total Men's Furnishings		100.0	_____		100.0		100.0

*For each merchandise category, only those stores reporting that category are included in the tabulation.

**Classification numbers are those used in MRA's Financial & Operations Group "Menswear Basic Management Accounting Manual."

ALL FIRMS OPERATING EXPERIENCES
PERCENTAGE INCREASE OR (DECREASE) IN SALES BY MERCHANDISE CLASSIFICATION FROM 1985 TO 1986*

(Classification Numbers, 010-890, are taken from MRA's Financial & Operations Group "Menswear Basic Management Accounting Manual.")	ALL FIRMS (75 Firms)		YOUR FIRM	FIRMS HANDLING MEN'S WEAR ONLY (34 Firms)		FIRMS HANDLING WOMEN'S WEAR (41 Firms)	
	Range of Common Experience	Median Firm		Range of Common Experience	Median Firm	Range of Common Experience	Median Firm
MEN'S CLOTHING							
010 Men's Suits	(4.2)- 13.1	3.3	____%	(4.2)- 14.3	3.3	(4.3)- 12.0	3.1
040 Men's Coats	(16.4)- 12.2	(1.8)	____	(21.9)- 14.8	(2.4)	(13.8)- 11.5	(1.3)
060 Sport Coats	(3.8)- 8.1	2.4	____	(3.9)- 15.0	2.4	(3.9)- 7.7	2.4
080 Dress Slacks	(5.7)- 9.6	1.0	____	(5.5)- 9.6	3.0	(6.4)- 9.7	(.4)
Total Men's Clothing	(5.2)- 7.3	1.6	____	(5.6)- 10.0	1.1	(4.8)- 6.8	2.5
MEN'S SPORTSWEAR							
100 Sport Shirts	(7.6)- 10.7	1.3	____	(8.2)- 14.5	2.2	(7.6)- 9.6	1.3
130 Sweaters	(5.5)- 22.0	6.6	____	(.8)- 35.0	13.5	(8.6)- 16.8	1.4
150 Actionwear	(8.0)- 28.4	10.3	____	(19.2)- 12.2	(.1)	.3- 34.7	19.5
180 Casual Slacks	(8.7)- 12.6	.4	____	(11.6)- 14.5	(1.1)	(7.0)- 11.4	1.5
200 Jeans	(16.6)- 31.4	(3.1)	____	(11.2)-75.9	11.8	(37.0)- 17.5	(8.0)
220 Jackets & Heavy Outerwear	(20.8)- 15.2	(.2)	____	(20.2)- 24.3	(1.6)	(21.2)- 8.9	(.1)
240 Coordinated Leisurewear	(71.8)- 20.1	(29.5)	____	(54.0)- 20.2	(18.9)	(72.3)- 19.4	(30.1)
Total Men's Sportswear	(7.2)- 11.2	1.3	____	(7.8)- 12.4	2.0	(6.8)- 9.7	1.1
MEN'S FURNISHINGS							
260 Dress Shirts	(6.0)- 11.6	2.9	____	(3.5)- 16.5	4.6	(7.8)- 9.3	.9
290 Neckwear	(.4)- 14.7	6.7	____	(.9)- 21.4	6.7	(.1)- 13.9	6.6
300 Hosiery	(9.0)- 16.3	3.1	____	(10.7)- 22.1	4.7	(8.8)- 13.4	.4
310 Men's Belts	(9.3)- 20.8	1.8	____	(11.5)- 15.0	(4.9)	(4.6)- 24.2	7.7
320 Men's Accessories	(7.0)- 18.0	3.5	____	(7.2)- 21.9	7.2	(7.0)- 15.9	2.1
340 Underwear	(11.4)- 11.8	4.8	____	(13.2)- 11.3	(.6)	(8.5)- 15.6	5.3
360 Sleepwear	(10.0)- 10.9	.3	____	(16.3)- 24.6	2.2	(8.3)- 5.5	(.3)
380 Men's Headwear	(23.4)- 2.0	(12.5)	____	(29.6)- 2.3	(11.9)	(21.4)- 2.9	(12.5)
Total Men's Furnishings	(2.8)- 9.5	2.1	____	(3.5)- 10.7	4.4	(2.4)- 9.2	1.9
BOYS' AND TEENS'							
400–440 Clothing	(47.7)- 19.8	(6.2)	____	NA	NA	(18.5)- 20.8	.4
450–510 Sportswear	(39.8)- (1.1)	(11.1)	____	NA	NA	(41.7)- 6.0	(3.9)
520–560 Furnishings	(29.1)- 1.1	(10.1)	____	NA	NA	(37.8)- 5.7	(10.1)
Total Boys' and Teens'	(60.1)- (1.2)	(17.3)	____	NA	NA	(60.4)- .2	(13.4)
MEN'S AND BOYS' SHOES							
570–595	(14.5)- 14.1	(4.6)	____	(16.0)- 16.4	(4.7)	(12.6)- 4.8	(3.1)
WOMEN'S WEAR							
600–699 Misses	(3.0)- 15.4	4.1	____	NA	NA	(3.0)- 15.4	4.1
700–773 Junior	(11.9)- 132.2	(2.8)	____	NA	NA	(11.9)- 132.2	(2.8)
Total Women's Wear	(4.2)- 15.4	6.7	____	NA	NA	(4.2)- 15.4	6.7
WESTERN WEAR							
810–890	NA	NA	____	NA	NA	NA	NA
OVERALL TOTAL	(3.7)- 7.6	3.4	____	(4.5)- 6.3	1.2	(2.8) - 8.2	3.8

*For each merchandise classification, only those stores reporting that classification are included in the tabulation. Overall total reflects median experience of firms providing detailed data by class only.

ALL FIRMS OPERATING EXPERIENCES

1986 MARKDOWNS AS A PERCENTAGE OF MERCHANDISE CLASSIFICATION SALES*

(Classification Numbers, 010-890, are taken from MRA's Financial & Operations Group "Menswear Basic Management Accounting Manual.")	ALL FIRMS (66 Firms)		YOUR FIRM	FIRMS HANDLING MEN'S WEAR ONLY (26 Firms)		FIRMS HANDLING WOMEN'S WEAR (40 Firms)	
	Range of Common Experience	Median Firm		Range of Common Experience	Median Firm	Range of Common Experience	Median Firm
MEN'S CLOTHING							
010 Men's Suits	11.0-24.4	16.5	____ %	12.2-26.7	20.3	10.6-21.6	14.8
040 Men's Coats	9.8-24.1	15.5	____	11.5-33.9	20.8	7.3-19.4	14.3
060 Sport Coats	9.4-22.7	15.5	____	9.2-23.1	17.0	9.2-22.7	14.6
080 Dress Slacks	8.4-19.4	13.3	____	9.4-19.6	15.5	7.1-19.5	11.3
Total Men's Clothing	11.2-24.2	16.8	____	11.4-23.9	18.8	10.4-24.9	14.9
MEN'S SPORTSWEAR							
100 Sport Shirts	13.0-23.8	18.0	____	13.0-23.3	17.5	12.5-24.1	18.3
130 Sweaters	10.8-21.9	14.6	____	9.2-22.0	13.0	11.1-22.0	16.4
150 Actionwear	13.2-25.0	21.1	____	13.0-28.2	21.3	13.2-24.9	20.9
180 Casual Slacks	7.8-21.1	14.9	____	10.5-21.8	16.8	7.5-20.2	13.2
200 Jeans	7.7-22.0	14.7	____	7.6-20.7	18.4	7.5-24.5	14.2
220 Jackets & Heavy Outerwear	15.0-30.0	20.2	____	13.9-29.2	19.4	15.0-30.0	20.7
240 Coordinated Leisurewear	11.7-35.9	19.0	____	18.5-41.0	20.5	11.0-39.2	15.5
Total Men's Sportswear	12.6-22.5	17.6	____	13.0-22.0	17.6	12.5-23.0	17.3
MEN'S FURNISHINGS							
260 Dress Shirts	7.7-16.2	11.5	____	8.7-16.9	11.4	7.3-16.5	11.7
290 Neckwear	5.3-16.2	12.1	____	6.0-16.1	12.0	5.3-17.3	12.5
300 Hosiery	2.1- 8.1	4.3	____	.9- 7.6	3.0	2.3- 8.4	5.0
310 Men's Belts	2.0-10.3	4.3	____	1.4- 4.2	2.6	3.1-10.7	6.4
320 Men's Accessories	4.3-12.2	6.3	____	2.8-10.1	5.8	4.5-14.2	6.9
340 Underwear	2.2- 9.7	4.0	____	2.5- 9.2	3.6	2.1- 9.8	4.5
360 Sleepwear	4.0-15.0	8.2	____	4.4-14.9	10.4	4.0-15.0	7.8
380 Men's Headwear	5.9-24.5	13.8	____	5.0-21.6	14.7	5.9-25.7	12.7
Total Men's Furnishings	6.6-14.5	10.5	____	6.9-12.1	10.5	5.9-14.6	10.8
BOYS' AND TEENS'							
400–440 Clothing	12.2-39.7	16.9	____	NA	NA	10.1-41.3	14.3
450–510 Sportswear	9.2-28.7	21.8	____	NA	NA	9.2-27.3	20.5
520–560 Furnishings	6.2-19.6	12.1	____	NA	NA	5.5-19.9	11.3
Total Boys' and Teens'	11.6-31.1	22.9	____	8.7-29.0	19.7	11.6-36.4	24.7
MEN'S AND BOYS' SHOES							
570–595	7.9-19.8	16.2	____	11.0-22.6	17.4	7.5-19.0	15.3
WOMEN'S WEAR							
600–699 Misses	16.0-32.7	25.9	____	NA	NA	16.0-32.7	25.9
700–773 Junior	25.3-44.6	30.5	____	NA	NA	25.3-44.6	30.5
Total Women's Wear	20.5-33.5	25.9	____	NA	NA	20.5-33.5	25.9
WESTERN WEAR							
810–890	NA	NA	____	NA	NA	NA	NA
OVERALL TOTAL	13.0-21.9	16.3	____	11.8-21.5	16.3	13.1-22.9	16.4

*For each merchandise classification, only those stores reporting that classification are included in the tabulation.

ALL FIRMS OPERATING EXPERIENCES

1986 AVERAGE INVENTORY BY MERCHANDISE CLASSIFICATION AS A PERCENTAGE OF TOTAL AVERAGE INVENTORY*

(Classification Numbers, 010-890, are taken from MRA's Financial & Operations Group "Menswear Basic Management Accounting Manual.")	ALL FIRMS (54 Firms)		YOUR FIRM	FIRMS HANDLING MEN'S WEAR ONLY (24 Firms)		FIRMS HANDLING WOMEN'S WEAR (30 Firms)	
	Range of Common Experience	Median Firm		Range of Common Experience	Median Firm	Range of Common Experience	Median Firm
MEN'S CLOTHING							
010 Men's Suits	13.4-26.7	22.2	____%	21.1-29.2	24.8	11.8-25.4	16.0
040 Men's Coats	1.1- 3.4	2.0	____	1.3- 4.1	2.0	1.1- 3.2	2.1
060 Sport Coats	9.0-17.6	13.6	____	14.0-21.1	16.1	8.2-16.1	11.6
080 Dress Slacks	5.1-10.9	8.2	____	8.3-12.0	9.6	4.5- 9.0	6.3
Total Men's Clothing	33.9-58.6	47.9	____	45.9-66.1	55.5	27.7-52.2	38.9
MEN'S SPORTSWEAR							
100 Sport Shirts	3.3- 6.9	4.8	____	4.6- 7.2	5.9	2.8- 6.5	4.0
130 Sweaters	1.6- 4.4	2.9	____	2.0- 5.2	4.2	1.5- 3.5	2.4
150 Actionwear	.7- 2.2	1.3	____	.4- 3.0	.8	.8- 2.1	1.4
180 Casual Slacks	1.6- 4.5	3.0	____	2.4- 4.8	3.8	1.4- 4.5	2.8
200 Jeans	2.1- 4.7	3.2	____	1.3- 5.2	3.2	2.2- 4.3	3.1
220 Jackets & Heavy Outerwear	1.4- 4.5	2.2	____	2.0- 4.5	2.6	1.2- 3.9	1.6
240 Coordinated Leisurewear	.1- 1.4	.7	____	.1- 1.3	.4	.2- 1.4	.7
Total Men's Sportswear	10.1-23.1	16.1	____	10.9-27.3	18.1	9.8-22.4	14.4
MEN'S FURNISHINGS							
260 Dress Shirts	5.7- 9.8	7.3	____	6.2-11.7	7.4	5.2- 9.2	7.0
290 Neckwear	2.1- 4.6	3.1	____	2.1- 4.7	3.0	2.1- 4.7	3.2
300 Hosiery	.5- 1.3	1.0	____	.5- 1.4	.8	.6- 1.2	1.0
310 Men's Belts	.7- 1.6	1.0	____	.7- 1.8	1.1	.7- 1.5	1.0
320 Men's Accessories	1.6- 3.7	2.2	____	1.3- 3.9	2.2	1.7- 3.7	2.3
340 Underwear	.7- 2.3	1.5	____	.5- 2.7	1.7	.9- 2.0	1.5
360 Sleepwear	.4- 1.1	.7	____	.5- 1.6	.8	.3- .9	.5
380 Men's Headwear	.2- 1.0	.5	____	.3- 1.2	.6	.2- .6	.4
Total Men's Furnishings	14.2-22.9	17.7	____	16.3-23.5	18.8	13.7-21.3	16.1
BOYS' AND TEENS'							
400–440 Clothing	.6- 3.7	1.4	____	NA	NA	.6- 4.8	1.5
450–510 Sportswear	1.7- 6.8	4.7	____	NA	NA	1.8-10.1	4.7
520–560 Furnishings	.6- 2.5	1.4	____	NA	NA	.6- 2.7	1.9
Total Boys' and Teens'	1.8-11.5	4.3	____	.5- 6.9	3.1	2.6-12.6	5.9
MEN'S AND BOYS' SHOES							
570–595	2.3- 9.9	5.1	____	2.6-13.7	6.5	2.3- 9.2	4.2
WOMEN'S WEAR							
600–699 Misses	6.6-18.6	13.3	____	NA	NA	6.6-18.6	13.3
700–773 Junior	2.0-19.2	4.1	____	NA	NA	2.0-19.2	4.1
Total Women's Wear	6.7-27.1	15.2	____	NA	NA	6.7-27.1	15.2
WESTERN WEAR							
810–890	NA	NA	____	NA	NA	NA	NA
OVERALL TOTAL		100.0	____		100.0		100.0

*For each merchandise classification, only those stores reporting that classification are included in the tabulation.

ALL FIRMS OPERATING EXPERIENCES

1986 INVENTORY TURNOVER BY MERCHANDISE CLASSIFICATION*

(Classification Numbers, 010-890, are taken from MRA's Financial & Operations Group "Menswear Basic Management Accounting Manual.")	ALL FIRMS (54 Firms)		YOUR FIRM	FIRMS HANDLING MEN'S WEAR ONLY (24 Firms)		FIRMS HANDLING WOMEN'S WEAR (30 Firms)	
	Range of Common Experience	Median Firm		Range of Common Experience	Median Firm	Range of Common Experience	Median Firm
MEN'S CLOTHING							
010 Men's Suits	1.0-1.9	1.4	____ %	.9-1.7	1.1	1.1-1.9	1.5
040 Men's Coats	1.0-2.1	1.4	____	.8-1.8	1.2	1.2-2.2	1.6
060 Sport Coats	1.0-1.7	1.4	____	.9-1.7	1.3	1.2-1.8	1.4
080 Dress Slacks	1.2-2.1	1.7	____	1.1-1.8	1.4	1.5-2.3	1.8
Total Men's Clothing	1.1-1.9	1.3	____	.9-1.8	1.2	1.2-2.0	1.4
MEN'S SPORTSWEAR							
100 Sport Shirts	1.8-3.1	2.4	____	1.6-2.6	1.9	2.1-3.4	2.7
130 Sweaters	1.5-3.1	2.3	____	1.4-2.9	1.8	1.7-3.5	2.4
150 Actionwear	1.5-2.5	2.1	____	1.2-2.3	1.7	1.7-2.8	2.3
180 Casual Slacks	1.3-2.3	1.9	____	1.2-2.0	1.6	1.5-2.3	2.0
200 Jeans	1.0-1.9	1.4	____	1.0-1.6	1.0	1.0-2.1	1.6
220 Jackets & Heavy Outerwear	1.2-2.2	1.8	____	1.0-2.1	1.3	1.3-2.9	1.9
240 Coordinated Leisurewear	1.0-2.3	1.3	____	1.0-2.7	1.4	.8-2.3	1.3
Total Men's Sportswear	1.6-2.6	2.0	____	1.4-2.3	1.7	1.7-2.9	2.1
MEN'S FURNISHINGS							
260 Dress Shirts	1.1-2.0	1.4	____	1.0-2.0	1.2	1.2-2.0	1.5
290 Neckwear	1.6-2.9	2.1	____	1.6-2.9	2.0	1.6-3.0	2.3
300 Hosiery	1.4-2.6	2.0	____	1.2-2.6	1.9	1.5-2.6	2.0
310 Men's Belts	1.0-2.1	1.4	____	.9-1.7	1.0	1.1-2.2	1.5
320 Men's Accessories	1.1-1.9	1.4	____	1.0-2.8	1.3	1.1-1.9	1.4
340 Underwear	.9-2.0	1.2	____	.9-2.0	1.1	.8-2.0	1.4
360 Sleepwear	.8-2.2	1.2	____	.8-1.5	1.1	.8-2.3	1.4
380 Men's Headwear	.7-1.5	1.2	____	.6-1.2	1.0	1.0-2.1	1.3
Total Men's Furnishings	1.1-2.2	1.4	____	1.0-2.2	1.4	1.3-2.3	1.6
BOYS' AND TEENS'							
400–440 Clothing	.7-1.5	1.0	____	NA	NA	1.0-1.6	1.1
450–510 Sportswear	1.3-2.1	1.7	____	NA	NA	1.4-2.8	1.7
520–560 Furnishings	1.0-2.5	1.5	____	NA	NA	1.1-2.8	1.6
Total Boys' and Teens'	1.3-2.7	1.6	____	1.0-4.7	1.6	1.3-2.7	1.4
MEN'S AND BOYS' SHOES							
570–595	.9-1.7	1.3	____	.8-2.3	1.2	.8-1.7	1.4
WOMEN'S WEAR							
600–699 Misses	2.0-3.1	2.4	____	NA	NA	2.0-3.1	2.4
700–773 Junior	2.0-2.8	2.4	____	NA	NA	2.0-2.8	2.4
Total Women's Wear	1.9-2.6	2.3	____	NA	NA	1.9-2.6	2.3
WESTERN WEAR							
810–890	NA	NA	____	NA	NA	NA	NA
OVERALL TOTAL	1.3-2.0	1.6	____	1.1-1.9	1.3	1.5-2.2	1.8

*For each merchandise classification, only those stores reporting that classification are included in the tabulation.
Inventory turnover is the number of times during a given period, in this case one year, that the average inventory on hand at retail has been sold and replaced. The rate of turnover is computed by dividing net sales by average retail inventory.

BEGINNING OF THE MONTH STOCK TO SALES RATIO

The following stock to sales ratios represent industry experiences for 1986. *Caution, however, should be exercised in using these figures as a guideline in projecting monthly inventory needs.* These industry ratios do not necessarily represent monthly inventory needs which will yield the highest inventory turnover and greatest profit.

ALL FIRMS OPERATING EXPENSES
1986 BEGINNING OF THE MONTH STOCK TO SALES RATIO*

	ALL FIRMS Distribution of Sales by Month (84 Firms)			ALL FIRMS Beginning of the Month Stock to Sales Ratio (70 Firms)		
	Range of Common Experience	Median Firm	YOUR FIRM	Range of Common Experience	Median Firm	YOUR FIRM
FEBRUARY	4.8- 6.6	5.6	____	6.7-12.4	10.3	____
MARCH	5.8- 8.2	6.8	____	6.3-12.7	8.2	____
APRIL	6.4- 8.3	7.0	____	6.9-11.4	9.0	____
MAY	6.7- 8.4	7.6	____	6.9-10.6	8.7	____
JUNE	7.5- 9.4	8.4	____	5.7- 9.9	7.3	____
JULY	6.0- 8.6	7.2	____	6.2-11.0	8.9	____
AUGUST	5.4- 8.0	6.6	____	6.6-11.7	8.8	____
SEPTEMBER	6.2- 8.8	7.3	____	6.3-13.0	8.3	____
OCTOBER	7.3- 9.0	7.9	____	6.9-10.9	8.7	____
NOVEMBER	7.9-10.2	9.3	____	6.1-10.0	8.2	____
DECEMBER	14.3-20.0	17.2	____	3.6- 5.4	4.3	____
JANUARY	6.2- 8.8	7.5	____	6.2-10.3	7.6	____
TOTAL		100.0%	100.0%			

1986 BEGINNING OF THE MONTH STOCK TO SALES RATIO*

	FIRMS HANDLING MEN'S WEAR ONLY				YOUR FIRM		FIRMS HANDLING WOMEN'S WEAR			
	Distribution of Sales by Month (36 Firms)		Beginning of the Month Stock to Sales Ratio (29 Firms)				Distribution of Sales by Month (48 Firms)		Beginning of the Month Stock to Sales Ratio (41 Firms)	
	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Sales	Stock to Sales Ratio	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm
FEBRUARY	4.7- 6.8	5.5	8.3-16.5	11.6	____ %	____	5.3- 6.6	5.6	6.3-11.0	8.4
MARCH	5.1- 7.5	6.4	7.4-15.6	11.6	____	____	6.2- 8.3	7.0	5.3-10.0	6.8
APRIL	6.4- 8.7	7.2	8.4-13.8	9.9	____	____	6.3- 8.0	6.9	6.3- 9.9	8.4
MAY	7.4- 8.4	7.9	7.5-13.4	9.6	____	____	6.6- 7.9	7.4	6.3- 9.5	8.5
JUNE	7.8- 9.4	8.4	6.2-10.9	8.0	____	____	7.2- 8.9	8.3	5.0- 8.8	6.3
JULY	5.9- 8.9	7.4	7.3-12.5	10.2	____	____	6.2- 8.3	7.1	5.8- 9.8	7.2
AUGUST	5.2- 7.2	6.1	8.1-15.5	11.6	____	____	5.6- 8.1	6.9	5.6- 9.3	7.9
SEPTEMBER	5.9- 8.3	6.7	7.3-15.2	9.7	____	____	6.5- 8.9	7.7	5.4-10.0	7.1
OCTOBER	7.6- 9.4	8.3	8.1-12.9	9.0	____	____	6.9- 8.6	7.7	6.1-10.0	8.1
NOVEMBER	8.3-10.3	9.4	7.1-11.2	9.1	____	____	7.6-10.2	9.3	5.8- 9.0	7.6
DECEMBER	14.1-20.7	16.2	4.1- 6.1	4.9	____	____	14.5-19.8	17.5	3.3- 4.8	4.0
JANUARY	6.0- 9.0	7.7	6.7-11.3	8.2	____	____	6.2- 8.6	7.4	5.7- 9.3	7.4
TOTAL		100.0%			100.0%			100.0%		

*The ratio of retail stock at beginning of the month to sales for the month.

HOW MEN'S WEAR FIRMS SPEND THEIR ADVERTISING DOLLARS

On par with 1985 results, advertising expenditures accounted for a median 3.4 percent of net sales in 1986. From 1980 through 1986, advertising expenditures as a percent of net sales have changed very little, fluctuating only a half percent over the last seven years. However, an analysis of how men's wear firms spend their advertising dollars continues to show changes in the media mix being used to reach customers.

Most notably in 1986, TV time as a percent of total advertising expenditures fell sharply from a median 18.3 percent to 8.5 percent, following a gain of 12.8 percentage points between 1983 and 1985. Firms handling women's wear reduced their TV time expenditures from 32.1 percent of their advertising budget in 1985 to 9.9 percent in 1986. Firms handling men's wear only also cut back on TV advertising, spending only 4.8 percent of the advertising dollars on that medium in 1986 compared to 17.0 percent in 1985.

Use of radio time rose from 14.1 percent of advertising expenditures in 1985 to 18.0 percent of the total ad dollars in 1986. Combined radio and TV expenditures as a percent of total advertising costs in 1985 were 32.4 percent; in 1986, this figure is 26.5 percent.

Direct mail lost some of the gain achieved over the last three years. The typical store spent 10.7 percent of its ad budget on direct mail in 1986 compared with the 12.3 percent of total advertising dollars which went to direct mail in 1986. Use of direct mail by firms handling women's wear fell off from 12.3 percent of total advertising in 1985 to 9.2 percent in 1986. Firms handling exclusively men's wear increased their use of direct mail to 13.0 percent of total 1986 ad dollars versus 11.1 percent of advertising dollars in 1985.

Newspaper space continued to decline in 1986, falling to 40.3 percent of 1986 advertising expenditures compared with 43.3 percent in 1985 and 45.2 percent in 1984.

Advertising payroll and other advertising costs together represent 24.8 percent of total advertising expenditures, up 1.5 percentage points over the 1985 allocation of advertising dollars.

ALL FIRMS ADVERTISING EXPENDITURES AS A PERCENT OF TOTAL ADVERTISING EXPENSE

	ALL FIRMS (70 Firms)			FIRMS HANDLING MEN'S WEAR ONLY (32 Firms)		FIRMS HANDLING WOMEN'S WEAR (38 Firms)	
	Range of Common Experience	Median Firm	YOUR FIRM	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm
Total Newspaper Space	28.7-62.9	40.3	_____	33.2-64.8	49.7	25.7-54.9	34.6
Total Radio Time	10.1-39.2	18.0	_____	10.8-39.8	25.2	9.2-36.5	15.0
Total TV Time	2.3-19.6	8.5	_____	1.0-18.1	4.8	2.3-24.5	9.9
Direct Mail	4.5-20.3	10.7	_____	5.3-29.8	13.0	4.3-19.9	9.2
Advertising Payroll	4.7-14.5	8.9	_____	4.1-14.1	9.7	6.0-15.4	8.3
Other Advertising Costs	8.9-35.7	15.9	_____	6.5-23.7	10.0	12.1-42.8	20.5

ALL FIRMS

1986 COMPOSITE OPERATING STATEMENT

PLEASE NOTE THAT NET WORKROOM COST IS NOW TREATED AS A SEPARATE EXPENSE CENTER. TAKE THIS INTO CONSIDERATION WHEN COMPARING GROSS MARGIN AND TOTAL EXPENSES TO LAST YEARS DATA PRIOR TO 1980. (*EXPENSE DIVISION NUMBERS AND DEFINITIONS ARE IN ACCORDANCE WITH MRA's FINANCIAL & OPERATIONS GROUP "MENSWEAR BASIC MANAGEMENT ACCOUNTING MANUAL.")	ALL FIRMS (161 Firms)		YOUR FIRM	FIRMS HANDLING MEN'S WEAR ONLY (75 Firms)		FIRMS HANDLING WOMEN'S WEAR (86 Firms)	
	Range of Common Experience	Median Firm		Range of Common Experience	Median Firm	Range of Common Experience	Median Firm
COST OF GOODS SOLD (Percent of net sales, excluding leased departments, except as noted.)							
1. Ending inventory at cost	19.5-33.5	25.5	____ %	19.9-34.6	26.8	19.1-32.6	24.4
2. Total cost of merchandise sold	53.6-61.1	56.5	____	52.1-60.9	56.0	53.9-61.1	57.0
3. Gross margin, excluding leased department income and sales	38.9-46.4	43.5	____	39.1-47.9	44.1	38.9-46.1	43.1
4. Income from leased departments	.8- 2.5	1.4	____	.8- 3.8	1.9	.6- 2.3	1.2
5. Gross margin, including income from leased departments, as a percent of total net sales	38.9-47.3	44.2	____	39.1-48.3	44.2	38.9-46.5	43.5
Expense Div. No.*							
6. 00 Net Alteration Cost							
a. Alterations payroll	1.8- 3.8	2.8	____	1.8- 3.8	2.7	1.8- 3.8	2.9
b. All other workroom expenses	.1- .4	.2	____	.1- .4	.2	.1- .4	.2
c. Less: Alteration Income	.3- 1.1	.6	____	.4- 1.1	.7	.2- 1.0	.5
d. Net Alterations Costs (line a plus line b, minus line c)	.9- 3.1	1.9	____	1.2- 3.1	2.0	.7- 3.1	1.9
7. 01 Payroll (total)	13.5-23.0	17.5	____	12.4-23.0	17.3	13.9-23.1	17.5
a. Payroll of owners and officers	3.9- 8.1	5.8	____	4.5- 8.5	6.2	3.7- 7.8	5.1
b. Selling payroll (includes commissions & "spiffs")	7.8-11.0	9.2	____	6.7-10.6	8.8	8.1-11.4	9.7
c. Non-selling payroll (excludes workroom & advertising payroll)	1.8- 3.9	2.5	____	1.2- 3.9	2.3	2.1- 3.9	2.7
8. 03 Advertising	2.4- 4.7	3.4	____	2.6- 5.3	3.7	2.1- 4.2	3.3

9. 04	Taxes (total)	1.4- 2.4	1.9	———	1.3- 2.5	1.9	1.5- 2.4	1.9
	a. All state and local taxes (including licenses) with the exception of payroll taxes and Federal income taxes	.2- .7	.4	———	.1- .7	.5	.2- .7	.4
	b. Social security and unemployment taxes	1.2- 1.9	1.6	———	1.2- 1.9	1.6	1.3- 1.9	1.7
10. 06	Supplies	1.7- 3.4	2.5	———	1.7- 3.4	2.6	1.6- 3.4	2.5
	a. Wrapping and packing supplies	.6- 1.3	.9	———	.6- 1.2	.9	.5- 1.3	.9
	b. Other supplies (cleaning, stationery)	.2- .6	.4	———	.2- .6	.4	.2- .6	.4
	c. Utilities (heat, light, water, sewer, etc.)	.9- 1.5	1.2	———	.9- 1.6	1.3	.9- 1.5	1.2
11. 07	Services Purchased (Total)	.8- 3.5	2.0	———	NA	1.4	1.1- 3.7	2.2
	a. Accounts receivable factoring charges	.1- .7	.5	———	NA	NA	.2- 1.0	.5
	b. Data processing/service bureau charges	.2- 1.0	.5	———	.1- .8	.4	.3- 1.0	.6
	c. Credit card service fees	.3- .8	.6	———	.3- .8	.5	.4- .8	.7
	d. Cleaning service, delivery, alarm service, attorney fees for account collection, buying office, etc.	.2- 1.0	.4	———	.2- 1.1	.4	.2- .9	.4
12. 08	Unclassified (cash shortages; want ads, dues & subscriptions, employee prizes, etc.)	.3- 1.1	.5	———	.3- 1.2	.6	.3- 1.0	.5
13. 09	Traveling	.4- 1.1	.6	———	.5- 1.1	.7	.4- 1.1	.6
14. 10	Communications	.4- .9	.6	———	.4- .9	.5	.4- .9	.7
15. 11	Pensions	.4- 1.9	.9	———	.5- 2.3	1.0	.3- 1.7	.9
16. 12	Insurance (total)	1.2- 2.6	1.8	———	1.1- 2.6	1.9	1.2- 2.7	1.7
	a. Workmen's compensation insurance; sickness, accident, group medical, group hospital and life insurance premiums	.7- 1.7	1.2	———	.6- 1.7	1.2	.8- 1.7	1.1
	b. All other insurance premiums	.5- .9	.6	———	.5- .9	.7	.4- 1.0	.6
17. 13	Depreciation (total)	.6- 1.7	1.1	———	.5- 1.8	1.0	.7- 1.6	1.1
18. 14	Professional services	.2- .7	.5	———	.2- .7	.4	.2- .7	.5
19. 15	Donations	.1- .2	.1	———	.1- .2	.1	<.1- .2	.1
20. 16	Bad Debts	.1- .6	.3	———	.1- .6	.2	.1- .6	.3
21. 17	Equipment costs	.2- .9	.5	———	.3- 1.0	.5	.2- .9	.5
22. 20	Real property rentals	2.6- 5.6	3.8	———	2.5- 4.8	3.5	2.8- 5.9	4.4
23.	Total expenses	35.3-45.9	41.7	———	36.1-45.8	40.9	35.1-46.2	42.0
NET GAIN (Percent of total net sales, except as noted.)								
24.	Operating profit, including income from leased departments	.1- 5.6	2.7	———	.5- 7.0	3.6	(.4)- 5.2	2.2
25.	a. Interest income	.3- 1.8	.9	———	.3- 1.6	.6	.4- 1.9	1.1
	b. Net other income	.1- 1.0	.4	———	.1- 1.0	.5	.1- 1.1	.3
	c. Interest expenses	.5- 2.1	1.2	———	.5- 2.5	1.4	.5- 2.0	1.2
	d. Net other expenses	.1- 1.6	.4	———	.1- .8	.4	.2- 2.2	.7
26.	Net profit, before Federal income taxes	.7- 5.3	2.5	———	1.1- 6.5	3.0	.3- 5.1	1.8

ALL FIRMS OPERATING EXPERIENCES

1986 MONTHLY SALES PUBLICITY RATIO

	ALL FIRMS Distribution of Sales by Month (84 Firms)			ALL FIRMS Publicity Cost as a Percent of Monthly Sales (68 Firms)			ALL FIRMS Distribution of Publicity Cost by Month (68 Firms)		
	Range of Common Experience	Median Firm	YOUR FIRM	Range of Common Experience	Median Firm	YOUR FIRM	Range of Common Experience	Median Firm	YOUR FIRM
FEBRUARY	4.8- 6.6	5.6	____%	2.5-5.2	3.8	____%	4.4- 8.5	5.5	____%
MARCH	5.8- 8.2	6.8	_____	1.7-5.1	3.2	_____	4.2- 8.5	6.2	_____
APRIL	6.4- 8.3	7.0	_____	2.0-4.6	3.4	_____	5.1- 8.6	6.6	_____
MAY	6.7- 8.4	7.6	_____	1.8-4.6	3.1	_____	4.6- 8.8	7.3	_____
JUNE	7.5- 9.4	8.4	_____	2.4-4.7	3.0	_____	6.1-11.2	8.0	_____
JULY	6.0- 8.6	7.2	_____	2.2-4.7	3.0	_____	5.0- 9.6	6.7	_____
AUGUST	5.4- 8.0	6.6	_____	1.7-4.7	2.8	_____	3.3-8.8	6.5	_____
SEPTEMBER	6.2- 8.8	7.3	_____	2.4-5.4	4.3	_____	5.7-11.4	8.4	_____
OCTOBER	7.3- 9.0	7.9	_____	2.5-5.3	4.0	_____	6.3-10.8	8.3	_____
NOVEMBER	7.9-10.2	9.3	_____	2.6-5.7	3.6	_____	7.0-12.7	10.5	_____
DECEMBER	14.3-20.0	17.2	_____	1.6-3.9	2.6	_____	8.2-16.3	12.6	_____
JANUARY	6.2- 8.8	7.5	_____	2.5-4.9	3.5	_____	5.2-10.7	8.3	_____
TOTAL		100.0%	100.0%					100.0%	100.0%

1986 MONTHLY SALES PUBLICITY RATIO

	FIRMS HANDLING MEN'S WEAR ONLY						YOUR FIRM			FIRMS HANDLING WOMEN'S WEAR					
	Distribution of Sales by Month (36 Firms)		Publicity Cost as a Percent of Monthly Sales (30 Firms)		Distribution of Publicity Cost by Month (30 Firms)					Distribution of Sales by Month (48 Firms)		Publicity Cost as a Percent of Monthly Sales (38 Firms)		Distribution of Publicity Cost by Month (38 Firms)	
	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Sales	Publicity	Publicity % Sales	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm
FEBRUARY	4.7- 6.8	5.5	2.3-5.2	3.6	3.3- 6.8	4.9	____%	____%	____%	5.3- 6.6	5.6	2.7-6.2	3.9	4.8- 9.8	6.5
MARCH	5.1- 7.5	6.4	1.9- 5.6	4.0	3.7- 7.4	6.0	_____	_____	_____	6.2- 8.3	7.0	1.7-4.6	2.8	4.7- 9.6	6.3
APRIL	6.4- 8.7	7.2	2.4- 6.0	3.4	5.0- 8.3	6.7	_____	_____	_____	6.3- 8.0	6.9	2.0-4.2	3.4	5.1- 9.2	6.6
MAY	7.4- 8.4	7.9	2.0-5.2	3.4	4.6-11.1	7.5	_____	_____	_____	6.6- 7.9	7.4	1.8-4.5	2.7	4.6- 7.8	7.0
JUNE	7.8- 9.4	8.4	2.9-6.1	3.8	6.8-12.8	8.8	_____	_____	_____	7.2- 8.9	8.3	1.9-3.9	2.8	4.7-10.0	7.1
JULY	5.9- 8.9	7.4	2.9-6.2	3.4	5.5- 9.8	7.5	_____	_____	_____	6.2- 8.3	7.1	1.7-4.0	2.8	4.3- 9.6	6.6
AUGUST	5.2- 7.2	6.1	1.6-4.8	3.2	2.9- 8.0	4.9	_____	_____	_____	5.6- 8.1	6.9	1.7-4.7	2.4	5.0- 9.0	7.0
SEPTEMBER	5.9- 8.3	6.7	2.8-5.9	4.2	5.8-11.5	8.0	_____	_____	_____	6.5- 8.9	7.7	2.0-5.4	4.3	5.6-11.4	8.7
OCTOBER	7.6- 9.4	8.3	3.1-5.6	4.1	6.3-10.6	8.3	_____	_____	_____	6.9- 8.6	7.7	2.0-5.4	3.9	6.2-11.4	8.2
NOVEMBER	8.3-10.3	9.4	2.8-6.1	3.8	7.2-12.3	10.5	_____	_____	_____	7.6-10.2	9.3	2.2-5.3	3.6	5.8-13.3	10.4
DECEMBER	14.1-20.7	16.2	1.9-4.9	3.4	10.2-20.1	14.0	_____	_____	_____	14.5-19.8	17.5	1.4-2.9	2.0	7.5-14.3	11.7
JANUARY	6.0- 9.0	7.7	2.5-6.5	3.4	5.4-10.0	7.7	_____	_____	_____	6.2- 8.6	7.4	2.4-4.8	3.6	5.2-11.1	8.3
TOTAL		100.0%				100.0%					100%				100.0%

1986 REPORT BY FIRM VOLUME
(Under $500,000)

Group I firms (under $300,000) saw the end of a three-year trend of sales increases, suffering a median decline of 5.1 percent in sales volume in 1986 compared with 1985. Even so, Group I firms turned in a better-than-industry-average performance on net profit, coming out at a median 3.6 percent of sales compared with 2.5 percent in 1985 and 2.2 percent in 1984. Gross margin dropped off from a median 44.3 percent of sales in 1985 to 39.0 percent in 1986. Expenses for Group I firms were also down, decreasing from 42.7 percent of total sales in 1985 to 36.4 percent in 1986.

Group II ($300,000-$499,999) firms reported a sales increase for 1986 of a median 4.8 percent over 1985 levels and reported marginal decreases in total expenses and net profit. Gross margin fell to a median 40.9 percent of sales in 1986 from the 1985 level of 42.8 percent. Inventory turnover for Group II firms slowed from the 2.5 times achieved in 1985 to a median 1.7 turns in 1986, matching the industry average.

COMPARISON OF 1985 AND 1986 KEY FIGURES

SALES VOLUME INCREASE

	GROUP	1986 Median	1985 Median	YOUR FIRM
I	(Under $300,000)	(5.1)%	1.4%	_____%
II	($300,000 to $499,999)	4.8%	2.0%	_____%

TOTAL EXPENSES

	GROUP	1986 Median	1985 Median	YOUR FIRM
I	(Under $300,000)	36.4%	42.7%	_____%
II	($300,000 to $499,999)	37.0%	37.8%	_____%

NET PROFIT

	GROUP	1986 Median	1985 Median	YOUR FIRM
I	(Under $300,000)	3.6%	2.5%	_____%
II	($300,000 to $499,999)	4.2%	4.3%	_____%

GROSS MARGIN

	GROUP	1986 Median	1985 Median	YOUR FIRM
I	(Under $300,000)	39.0%	44.3%	_____%
II	($300,000 to $499,999)	40.9%	42.8%	_____%

INVENTORY TURNOVER

	GROUP	1986 Median	1985 Median	YOUR FIRM
I	(Under $300,000)	1.6	NA	_____
II	($300,000 to $499,999)	1.7	2.5	_____

1986 COOPERATIVE ADVERTISING FUNDS RECEIVED AS A PERCENT OF GROSS PUBLICITY COST

	GROUP	Range of Common Experience	Median
I	(Under $300,000)	NA	NA
II	($300,000 to $499,999)	3.8-8.8	6.0

1986 COMPOSITE OPERATING STATEMENT BY FIRM VOLUME

PLEASE NOTE THAT NET WORKROOM COST IS NOW TREATED AS A SEPARATE EXPENSE CENTER. TAKE THIS INTO CONSIDERATION WHEN COMPARING GROSS MARGIN AND TOTAL EXPENSES TO LAST YEARS DATA PRIOR TO 1980. ("EXPENSE DIVISION NUMBERS AND DEFINITIONS ARE IN ACCORDANCE WITH MRA's FINANCIAL & OPERATIONS GROUP "MENSWEAR BASIC MANAGEMENT ACCOUNTING MANUAL".)	GROUP I FIRMS ANNUAL SALES under $300,000 (21 Firms)		GROUP II FIRMS ANNUAL SALES $300,000 to $499,999 (27 Firms)		
	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	YOUR FIRM
COST OF GOODS SOLD (Percent of net sales, excluding leased departments, except as noted.)					
1. Ending inventory at cost	24.0 -40.5	30.9	23.5-35.2	28.8	____%
2. Total cost of merchandise sold	57.7 -65.3	61.0	52.8-63.3	59.1	____
3. Gross margin, excluding leased department income and sales	34.7 -42.3	39.0	36.7-47.2	40.9	____
4. Income from leased departments	NA	NA	NA	NA	____
5. Gross margin, including income from leased departments, as a percent of total net sales	34.7 -42.3	39.0	36.7-47.8	40.9	____
Expense Div. No.*					
6. 00 Net Alteration Cost					
a. Alterations payroll	.9 - 1.9	1.3	1.1- 2.8	2.2	____
b. All other workroom expenses	.1 - 1.7	.3	.1- 1.5	.5	____
c. Less: Alteration Income	.3 - 2.1	1.0	.3- 1.9	.8	____
d. Net Alterations Costs (line a plus line b, minus line c)	.6 - 1.7	1.3	1.0- 2.6	1.6	____
7. 01 Payroll (total)	13.7 -26.1	17.0	12.0-22.2	15.3	____
a. Payroll of owners and officers	5.2 -12.4	6.3	4.9- 9.2	7.0	____
b. Selling payroll (includes commissions & "spiffs")	7.9 -10.9	9.5	6.2-10.6	7.0	____
c. Non-selling payroll (excludes workroom & advertising payroll)	.7 - 2.8	1.3	.9- 2.4	1.3	____
8. 03 Advertising	2.3 - 4.3	3.6	2.3- 5.2	3.2	____
9. 04 Taxes (total)	.9 - 2.2	1.3	1.1- 2.6	1.7	____
a. All state and local taxes (including licenses) with the exception of payroll taxes and Federal income taxes	.2 - .8	.5	.2- .9	.6	____
b. Social security and unemployment taxes	.7 - 1.7	1.1	1.1- 1.6	1.4	____
10. 06 Supplies	2.3 - 4.9	3.1	1.5- 3.3	2.4	____
a. Wrapping and packing supplies	.6 - 1.6	1.0	.5- 1.3	1.0	____
b. Other supplies (cleaning, stationery)	.3 - 1.1	.5	.2- .6	.3	____
c. Utilities (heat, light, water, sewer, etc.)	1.5 - 2.2	1.6	.8- 1.4	1.1	____
11. 07 Services Purchased (Total)	NA	2.9	NA	1.4	____
a. Accounts receivable factoring charges	NA	NA	NA	NA	____
b. Data processing/service bureau charges	NA	NA	.4- 2.0	.5	____
c. Credit card service fees	.2 - .5	.2	.3- .8	.6	____
d. Cleaning service, delivery, alarm service, attorney fees for account collection, buying office, etc.	.3 - 1.4	.9	.1- .9	.3	____
12. 08 Unclassified (cash shortages, want ads, dues, subscriptions, employee prizes, etc.)	.4 - 1.4	.9	.3- .9	.6	____
13. 09 Traveling	.6 - 1.7	.9	.5- 1.3	.7	____
14. 10 Communications	.5 - .9	.6	.3- 1.0	.5	____
15. 11 Pensions	NA	NA	.8- 5.9	2.2	____
16. 12 Insurance (total)	1.2 - 3.7	2.0	1.0- 2.6	1.8	____
a. Workmen's compensation insurance; sickness, accident, group medical, group hospital and life insurance premiums	.6 - 2.4	1.2	.6- 1.8	1.3	____
b. All other insurance premiums	.6 - 1.2	.9	.4- .8	.6	____
17. 13 Depreciation (total)	.6 - 2.3	1.4	.5- 1.8	1.1	____
18. 14 Professional services	.4 - 1.0	.6	.2- .7	.4	____
19. 15 Donations	.1 - .3	.1	.1- .2	.1	____
20. 16 Bad Debts	.1 - .7	.2	<.1- .4	.2	____
21. 17 Equipment costs	.3 - 1.5	.6	.2- 1.3	.4	____
22. 20 Real property rentals	1.6 - 5.6	3.3	1.8- 4.0	3.2	____
23. Total expenses	28.3 -46.5	36.4	31.6-42.5	37.0	____
NET GAIN (Percent of total net sales, except as noted.)					
24. Operating profit, including income from leased departments	(4.5)- 7.9	4.6	.5- 7.4	4.6	____
25. a. Interest income	.5 - 1.6	.8	.3- 2.2	.5	____
b. Net other income	.1 - 3.3	.6	.3- 1.8	.7	____
c. Interest expenses	.5 - 3.1	1.7	.8 - 2.8	1.6	____
d. Net other expenses	.4- 3.1	1.1	NA	NA	____
26. Net profit, before Federal income taxes	(3.1)- 7.2	3.6	1.5- 7.9	4.2	____

OPERATING EXPERIENCES BY FIRM VOLUME

1986 MERCHANDISING AND PRODUCTIVITY DATA

	GROUP I FIRMS ANNUAL SALES under $300,000 (21 Firms)		GROUP II FIRMS ANNUAL SALES $300,000 to $499,999 (27 Firms)		
	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	YOUR FIRM
SALES DATA					
Increase in total net sales from last year	(8.3)- 6.5	(5.1)	(4.1)- 17.3	4.8	____%
Sales per square foot of total store area in dollars	62.3 -95.1	75.1	92.1 -128.2	106.1	____
SELLING AND ADVERTISING COST					
Selling payroll, percent of net sales excluding leased departments	7.9 -10.9	9.5	6.2 - 10.6	7.0	____
Advertising percent of net sales excluding leased departments	2.3 - 4.3	3.6	2.3 - 5.2	3.2	____
MERCHANDISING DATA					
Annual stock turn, number of times at retail	1.2 - 2.2	1.6	1.1 - 2.2	1.7	____
Transportation in charges on goods purchased as a percent of net sales	.5 - 1.8	1.1	.4 - 1.3	1.1	____
Beginning 1986 inventory as a percent of 1985 sales	26.8 -35.6	32.8	23.3 - 37.4	28.0	____
Ending 1986 inventory as a percent of 1986 sales	24.0 -40.5	30.9	23.5 - 35.2	28.8	____
ALTERATION DATA AND COST					
Net workroom cost, percent of net sales excluding leased departments	.6 - 1.7	1.3	1.0 - 2.6	1.6	____
Net alterations cost, percent of men's clothing sales	2.9 - 5.6	4.2	2.7 - 6.0	5.5	____
Income from alterations, percent of net sales excluding leased departments	.3 - 2.1	1.0	.3 - 1.9	.8	____
PROFIT AND FINANCIAL DATA					
Income from leased departments, percent of leased department sales	NA	NA	NA	NA	____
Cash discounts earned as % of net sales	.3 - 1.2	.4	.3 - 1.9	.7	____
Net profit on net sales	(3.1)- 7.2	3.6	1.5 - 7.9	4.2	____
Net profit on net worth	.7 -25.9	17.5	6.9 - 32.8	13.8	____
Net profit on net working capital	3.7 -35.0	13.3	4.8 - 23.2	13.6	____

1986 PRODUCTIVITY INFORMATION

BY FIRM VOLUME

	GROUP I FIRMS ANNUAL SALES under $300,000 (21 Firms)		GROUP II FIRMS ANNUAL SALES $300,000 to $499,999 (26 Firms)		
	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	YOUR FIRM
Stock Turnover	1.2- 2.2	1.6	1.1- 2.2	1.7	_____
Selling Area in Square Feet	1,700 -2,825	2,080	2,120-3,500	2,610	_____
Sales per square foot of selling area ($)	$90.1 -131.5	$102.6	$108.2-179.3	$142.2	_____
Cost of goods per square foot of selling area ($)	$52.5 - 86.2	$ 62.8	$ 67.0-103.8	$ 78.5	_____
Gross Margin per square foot of selling area ($)	$33.0 - 47.2	$ 39.1	$ 41.5- 79.5	$ 59.2	_____
Operating Expenses per square foot of selling area ($)	$31.0 - 48.3	$ 37.5	$ 36.9- 72.7	$ 54.6	_____
Operating profit per square foot of selling area ($)	$(5.5)- 9.3	$ 4.2	$ .5-11.9	$ 6.4	_____
Total area selling and non selling in square feet	2,300 -3,920	2,956	3,000-4,538	3,735	_____
Sales per square foot of total area ($)	$62.3 - 95.1	$ 75.1	$ 92.1-128.2	$106.1	_____
Cost of goods per square foot to total area ($)	$36.7 - 60.3	$ 45.2	$ 53.9- 73.1	$ 60.5	_____
Gross Margin per square foot of total area ($)	$23.2 - 38.0	$ 27.8	$ 32.4- 56.4	$ 42.0	_____
Operating Expenses per square foot of total area ($)	$23.3 - 32.8	$ 26.0	$ 30.5- 51.2	$ 38.2	_____
Operating profit per square foot of total area ($)	$(3.0)- 7.6	$ 3.5	$ .4- 7.8	$ 4.6	_____

1986 REPORT BY FIRM VOLUME
(Over $500,000)

Group IV firms ($1,000,000 to $3,499,999) reported the largest increases in sales volume and net profit and the lowest total expenses for 1986. In 1985, Group IV firms reported a median sales increase of 1.1 percent over year-earlier levels. 1986 sales were 5.6 percent ahead of 1985. Net profit results for Group IV firms climbed to a median 1.9 percent of sales in 1986 versus a seven-year low of 1.3 percent of sales in 1985. Total expenses shifted downward to a median 42.2 percent of sales in 1986 from 45.3 percent of sales in 1985.

Group III firms ($500,000 to $999,999) experienced a median net profit of 2.3 percent in 1986, on par with their 1985 results. The 1986 sales volume of Group III firms increased a median 2.3 percent over year-earlier levels, following a median 2.9 percent increase in sales for 1985 over the previous year. Total expenses for this Group continued to rise from a median 40.5 percent of sales in 1985 to 42.0 percent of sales in 1986. Gross margin edged up to a median 44.2 percent of sales in 1986 following a 43.8 percent experience in 1985 and 43.7 percent in 1984. Inventory turnover dropped below the 1986 industry average of 1.7 turns, slipping to a 1.4 times turn in 1986 from the 2.1 turn rate of 1985.

Group V firms experienced an increase in their gross margin performance in 1986, creeping up to 46.4 percent from the 46.1 percent level of 1985. Total expenses were up fractionally to a median 45.6 percent of sales, and net profit before federal income taxes was down to a median 1.4 percent in 1986 from the 1985 level of 3.4 percent of sales. Inventory turnover in 1986 declined slightly to a median 1.7 times from the 1.8 times rate of 1985.

COMPARISON OF 1985 AND 1986 KEY FIGURES

SALES VOLUME INCREASE

GROUP		1986 Median	1985 Median	YOUR FIRM
III	($500,000 to $999,999)	2.3%	2.9%	_____%
IV	($1,000,000 to $3,499,999)	5.6%	1.1%	_____%
V	($3,500,000 and over)	2.5%	4.2%	_____%

TOTAL EXPENSES

GROUP		1986 Median	1985 Median	YOUR FIRM
III	($500,000 to $999,999)	42.0%	40.5%	_____%
IV	($1,000,000 to $3,499,999)	42.2%	45.3%	_____%
V	($3,500,000 and over)	45.6%	45.0%	_____%

NET PROFIT

GROUP		1986 Median	1985 Median	YOUR FIRM
III	($500,000 to $999,999)	2.3%	2.3%	_____%
IV	($1,000,000 to $3,499,999)	1.9%	1.3%	_____%
V	($3,500,000 and over)	1.4%	3.4%	_____%

1986 MERCHANDISING AND PRODUCTIVITY DATA

In keeping with their 5.6 percent sales increase for 1986, firms in Group IV reported a 14 percent increase in median sales per square foot, moving up to $178.60 per square foot in 1986 from the median $157.10 per square foot reported in 1985. Ending inventory tightened up by almost two percentage points for a median experience of 20.1 percent of net sales for 1986 compared with 21.9 percent at the close of 1985. Inventory turned at almost the same rate as 1985 in Group IV stores, slowing only fractionally from a 2.1 times turn in 1985 to 2.0 times in 1986.

Although Group V firms experienced only a 2.5 percent gain in sales during 1986 over the previous year, this performance had little effect on annual stock turn. The median experience on stock turn was 1.7 times in 1986, down only slightly from the median 1.8 times turn reported in 1985. Ending inventory as a percent of net sales rose to a median 22.5 percent in 1986, compared with 19.9 percent of net sales in 1985.

Group III firms brought ending inventory as a percent of net sales down by almost 2.5 percentage points, turning in a median 25.2 percent performance for 1986, compared with an ending inventory of 27.6 percent of sales at the close of 1985.

COMPARISON OF 1985 AND 1986 KEY FIGURES

GROSS MARGIN

GROUP		1986 Median	1985 Median	YOUR FIRM
III	($500,000 to $999,999)	44.2%	43.8%	_____%
IV	($1,000,000 to $3,499,999)	45.2%	45.0%	_____%
V	($3,500,000 and over)	46.4%	46.1%	_____%

INVENTORY TURNOVER

GROUP		1986 Median	1985 Median	YOUR FIRM
III	($500,000 to $999,999)	1.4	2.1	_____
IV	($1,000,000 to $3,499,999)	2.0	2.1	_____
V	($3,500,000 and over)	1.7	1.8	_____

1986 COOPERATIVE ADVERTISING FUNDS RECEIVED AS A PERCENT OF GROSS PUBLICITY COST

GROUP		Range of Common Experience	Median
III	($500,000 to $999,999)	1.4-8.0	2.9%
IV	($1,000,000 to $3,499,999)	1.1-4.0	2.4%
V	($3,500,000 and over)	2.0-7.6	4.6%

1986 COMPOSITE OPERATING STATEMENT BY FIRM VOLUME

PLEASE NOTE THAT NET WORKROOM COST IS NOW TREATED AS A SEPARATE EXPENSE CENTER. TAKE THIS INTO CONSIDERATION WHEN COMPARING GROSS MARGIN AND TOTAL EXPENSES TO LAST YEARS DATA PRIOR TO 1980.

("EXPENSE DIVISION NUMBERS AND DEFINITIONS ARE IN ACCORDANCE WITH MRA'S FINANCIAL & OPERATIONS GROUP "MENSWEAR BASIC MANAGEMENT ACCOUNTING MANUAL".)

	GROUP III FIRMS ANNUAL SALES $500,000 to $999,999 (49 Firms)		GROUP IV FIRMS ANNUAL SALES $1,000,000 to $3,499,999 (41 Firms)		GROUP V FIRMS ANNUAL SALES $3,500,000 and over (23 Firms)		
	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	YOUR FIRM
COST OF GOODS SOLD (Percent of net sales, excluding leased departments, except as noted.)							
1. Ending inventory at cost	20.2-36.1	25.2	16.5-30.1	20.1	19.1-27.0	22.5	____%
2. Total cost of merchandise sold	53.0-60.1	56.0	53.6-59.5	54.8	53.1-55.8	54.3	____
3. Gross margin, excluding leased department income and sales	40.0-47.0	44.1	40.5-46.4	45.2	44.2-46.9	45.7	____
4. Income from leased departments	NA	NA	.6- 5.1	.9	.9- 2.1	1.4	____
5. Gross margin, including income from leased departments, as a percent of total net sales	40.0-47.0	44.2	40.5-47.4	45.2	44.6-47.6	46.4	____
Expense Div. No.*							
6. 00 Net Alteration Cost							
a. Alterations payroll	1.7- 3.6	2.9	2.3- 4.8	3.5	2.3- 3.7	3.0	____
b. All other workroom expenses	.1- .5	.2	.1- .3	.2	.1- .3	.2	____
c. Less: Alteration Income	.3- .8	.7	.4- 1.1	.6	.1- .8	.2	____
d. Net Alterations Costs (line a plus line b, minus line c)	.8- 2.9	1.7	.8- 4.3	2.7	2.2- 3.3	2.9	____
7. 01 Payroll (total)	14.3-22.7	17.4	14.2-23.0	18.2	13.6-22.8	19.7	____
a. Payroll of owners and officers	4.4- 8.2	5.9	4.3- 8.4	6.2	2.4- 4.1	3.2	____
b. Selling payroll (includes commissions & "spiffs")	7.8-11.2	9.1	7.9-11.0	9.3	8.4-11.4	9.8	____
c. Non-selling payroll	2.1- 3.3	2.4	2.0- 3.7	2.7	2.8- 7.4	6.7	____
8. 03 Advertising	2.4- 4.1	3.2	2.7- 4.7	3.6	2.2- 4.7	3.5	____
9. 04 Taxes (total)	1.4- 2.5	1.9	1.6- 2.3	2.0	1.8- 2.6	2.2	____
a. All state and local taxes (including licenses) with the exception of payroll taxes and Federal income taxes	.2- .7	.5	.1- .5	.3	.1- .7	.5	____
b. Social security and unemployment taxes	1.3- 1.9	1.7	1.4- 1.9	1.7	1.6- 2.0	1.7	____
10. 06 Supplies	1.7- 3.5	2.7	1.6- 2.8	2.1	1.6- 3.7	2.5	____
a. Wrapping and packing supplies	.6- 1.4	1.0	.5- 1.0	.8	.5- 1.3	.7	____
b. Other supplies (cleaning, stationery)	.2- .6	.4	.2- .5	.3	.3- .7	.4	____
c. Utilities (heat, light, water, sewer, etc.)	1.0- 1.5	1.3	.9- 1.3	1.1	.9- 1.7	1.3	____
11. 07 Services Purchased (Total)	NA	2.6	NA	2.0	NA	2.0	____
a. Accounts receivable factoring charges	NA	NA	NA	NA	NA	NA	____
b. Data processing/service bureau charges	.5- 1.1	.8	.2- .8	.5	.2- .7	.3	____
c. Credit card service fees	.2- .7	.5	.5- 1.0	.8	.5- .8	.7	____
d. Cleaning service, delivery, alarm service, attorney fees for account collection, buying office, etc.	.2- 1.3	.4	.2- .5	.3	.4- 1.2	.7	____
12. 08 Unclassified (cash shortages, want ads, dues, subscriptions, employee prizes, etc.)	.3- 1.3	.6	.2- .9	.4	.2- 1.1	.5	____
13. 09 Traveling	.5- 1.2	.7	.3- 1.0	.6	.4- .8	.5	____
14. 10 Communications	.4- .9	.6	.4- .8	.6	.5- 1.0	.7	____
15. 11 Pensions	.4- 2.1	1.1	.6- 1.7	1.0	.3- 1.4	.7	____
16. 12 Insurance (total)	1.2- 2.7	1.9	1.1- 2.3	1.7	1.1- 2.4	1.4	____
a. Workmen's compensation insurance; sickness, accident, group medical, group hospital and life insurance premiums	.7- 1.8	1.1	.7- 1.5	1.1	.8- 1.6	.9	____
b. All other insurance premiums	.5- 1.0	.8	.4- .8	.6	.4- .8	.5	____
17. 13 Depreciation (total)	.5- 1.6	1.0	.5- 1.3	.9	1.3- 1.8	1.5	____
18. 14 Professional services	.2- .6	.4	.2- .7	.5	.3- .6	.5	____
19. 15 Donations	.1- .2	.1	<.1- .2	.1	<.1- .2	.1	____
20. 16 Bad Debts	.1- .4	.2	<.1- .4	.2	.3- .8	.7	____
21. 17 Equipment costs	.2- .9	.4	.2- .8	.5	.2- 1.0	.5	____
22. 20 Real property rentals	2.3- 5.3	3.7	2.9- 6.1	4.2	4.1- 5.8	5.1	____
23. Total expenses	37.2-45.1	42.0	36.0-47.0	42.2	42.4-47.8	45.6	____
NET GAIN (Percent of total net sales, except as noted.)							
24. Operating profit, including income from leased departments	.2- 5.2	2.3	.2- 4.3	2.2	(.4)- 3.8	1.0	____
25. a. Interest income	.2- 1.5	.7	.2- 1.5	.6	.9- 2.4	1.9	____
b. Net other income	.1- .9	.3	.1- .5	.3	.1- 1.4	.5	____
c. Interest expenses	.5- 2.0	1.1	.3- 1.7	1.0	.4- 2.4	1.2	____
d. Net other expenses	<.1- 3.0	1.3	.2- 1.2	.3	.1- 1.6	.3	____
26. Net profit, before Federal income taxes	.7- 5.3	2.3	.8- 4.4	1.9	.4- 4.3	1.4	____

OPERATING EXPERIENCES BY FIRM VOLUME

1986 MERCHANDISING AND PRODUCTIVITY DATA

	GROUP III FIRMS ANNUAL SALES $500,000 to $999,999 (49 Firms)		GROUP IV FIRMS ANNUAL SALES $1,000,000 to $3,499,999 (41 Firms)		GROUP V FIRMS ANNUAL SALES $3,500,000 and over (23 Firms)		
	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	YOUR FIRM
SALES DATA							
Increase in total net sales from last year	(4.4)-11.0	2.3	2.5- 8.4	5.6	(2.9)- 7.5	2.5	____%
Sales per square foot of total store area in dollars	$85.2-151.1	$103.1	$107.1-250.6	$178.6	$129.3-214.5	$157.5	____
SELLING AND ADVERTISING COST							
Selling payroll, percent of net sales excluding leased departments	7.8 -11.2	9.1	7.9 -11.0	9.3	8.4-11.4	9.8	____
Advertising percent of net sales excluding leased departments	2.4 - 4.1	3.2	2.7 - 4.7	3.6	2.2- 4.7	3.5	____
MERCHANDISING DATA							
Annual stock turn, number of times at retail	1.0 - 2.4	1.4	1.4 - 2.3	2.0	1.4- 1.9	1.7	____
Transportation in charges on goods purchased as a percent of total sales	.4 - 1.3	1.0	.4 - 1.1	.7	.7- 1.0	.9	____
Beginning 1986 inventory as a percent of 1985 sales	19.9 -36.8	26.7	16.4 -29.4	21.3	19.1-27.5	24.3	____
Ending 1986 inventory as a percent of 1986 sales	20.2 -36.1	25.2	16.5 -30.1	20.1	19.1-27.0	22.5	____
ALTERATION DATA AND COST							
Net workroom cost, percent of net sales excluding leased departments	.8 - 2.9	1.7	.8 - 4.3	2.7	2.2- 3.3	2.9	____
Net alterations cost, percent of men's clothing sales	4.3 - 8.8	5.3	4.3 - 8.6	6.4	6.1-11.0	8.0	____
Income from alterations, percent of net sales excluding leased departments	.3 - .8	.7	.4 - 1.1	.6	.1- .8	.2	____
PROFIT AND FINANCIAL DATA							
Income from leased departments, percent of leased department sales	NA	NA	10.0- 15.1	12.9	13.7-33.6	14.9	____
Cash discounts earned as % of net sales	.4 - 1.6	.7	.3 - 1.3	.5	.4- 1.3	.7	____
Net profit on net sales	.7 - 5.3	2.3	.8 - 4.4	1.9	.4- 4.3	1.4	____
Net profit on net worth	1.4 -13.0	7.6	3.2 -20.0	11.5	2.3-11.9	5.9	____
Net profit on net working capital	1.2 -13.2	5.9	3.4 -21.7	11.9	2.6-16.6	5.7	____

1986 PRODUCTIVITY INFORMATION

BY FIRM VOLUME

	GROUP III FIRMS ANNUAL SALES $500,000 to $999,999 (46 Firms)		GROUP IV FIRMS ANNUAL SALES $1,000,000 to $3,499,999 (41 Firms)		GROUP V FIRMS ANNUAL SALES $3,500,000 and over (21 Firms)		
	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	YOUR FIRM
Stock Turnover	1.0- 2.4	1.4	1.4- 2.3	2.0	1.4 - 1.9	1.7	_____
Selling Area in Square Feet	3,650-6,000	5,000	5,444-12,250	7,500	18,801 -42,300	21,869	_____
Sales per square foot of selling area ($)	$118.3-197.6	$142.6	$151.8-350.8	$241.0	$179.9 - 265.6	$237.8	_____
Cost of goods per square foot of selling area ($)	$ 69.0-120.9	$ 80.7	$ 81.7- 189.0	$126.9	$ 92.5 - 141.4	$125.4	_____
Gross Margin per square foot of selling area ($)	$ 50.3- 89.6	$ 60.3	$ 65.8- 144.7	$107.2	$ 82.7 - 119.4	$107.1	_____
Operating Expenses per square foot of selling area ($)	$ 46.7- 83.0	$ 57.9	$ 58.0- 135.9	$103.5	$ 79.9 - 110.1	$100.1	_____
Operating profit per square foot of selling area ($)	$ .4- 13.0	$ 3.5	$ .4- 9.8	$ 4.6	$ (.6)- 8.8	$ 2.3	_____
Total area selling and non selling in square feet	4,758-8,050	7,000	6,652-15,000	9,875	25,250 -60,000	35,000	_____
Sales per square foot of total area ($)	$ 85.2-151.1	$103.1	$107.1- 250.6	$178.6	$129.3 - 214.5	$157.5	_____
Cost of goods per square foot to total area ($)	$ 48.8- 86.8	$ 60.3	$ 60.7- 123.2	$ 97.7	$ 66.8 - 119.6	$ 84.2	_____
Gross Margin per square foot of total area ($)	$ 34.8- 63.9	$ 44.6	$ 47.4- 100.7	$ 78.6	$ 55.4 - 96.4	$ 75.3	_____
Operating Expenses per square foot of total area ($)	$ 32.7- 56.8	$ 44.9	$ 44.7- 96.2	$ 75.7	$ 52.7 - 90.9	$ 71.3	_____
Operating profit per square foot of total area ($)	$ .5- 10.1	$ 2.3	$ .3- 7.1	$ 3.5	$(.4)- 7.4	$ 1.8	_____

1986 METROPOLITAN (TRADING) AREA SIZE OPERATING EXPERIENCES

By trading area size, firms in metropolitan trading areas of 100,000-499,999 produced the strongest increase in total net sales for 1986 over 1985, reporting a median increase of 5.8 percent for 1986 over 1985. This followed a 1.2 percent increase in 1985. Firms in metropolitan trading areas of 25,000-49,999 reported a 4.3 percent increase in total net sales over the previous year after posting only a 0.1 percent increase in 1985 over 1984. The next best improvement was reported by firms in trading areas of 1 million and over population, with a median 2.5 percent gain in 1986 net sales over 1985 levels, following a median increase of only 0.4 percent in 1985 over the previous year. Firms in trading areas of less than 25,000 barely showed an increase in total net sales, turning in a median gain of 0.9 percent of sales in 1986 over 1985, compared with 2.4 percent gain in 1985 over 1984. Firms in trading areas of 50,000-99,999 matched their 1985 experience of a median 2.2 percent increase in sales over year-earlier totals.

Although net profits before federal income taxes rose in four of the six trading area groups, only two matched or bettered the industry average of 2.5 percent of sales. Firms in trading areas of 500,000-999,999 reported a median net profit before taxes of 3.6 percent of sales in 1986 compared with 1.5 percent of sales in 1985. Firms in trading areas of less than 25,000 showed a median net profit before taxes of 3.8 percent of 1986 sales, compared with their 1985 experience of 2.6 percent of sales.

Total expenses were down for all trading area groups except firms in areas of 50,000-99,999 and 100,000-499,999 where expenses rose slightly over 1985. Gross margin fluctuated in every metropolitan area but one. Firms in population areas of 1 million and over matched their 1985 gross margin experience. Firms in areas of 50,000-99,999 remained fairly constant, increasing only two-tenths of a percent from their 1985 median gross margin. The remaining groups experienced decreases in median gross margin, with the most remarkable in metropolitan areas of 25,000 to 49,999 where the median shifted from 43.7 percent of sales in 1985 to 41.8 percent in 1986.

1986 COOPERATIVE ADVERTISING FUNDS RECEIVED AS A PERCENTAGE OF GROSS PUBLICITY COSTS

Metropolitan Size	Range of Common Experience	Median
Less than 25,000	2.3- 9.0	4.9
25,000 to 49,999	1.3- 9.5	6.1
50,000 to 99,999	1.6- 5.9	4.0
100,000 to 499,999	1.9- 8.3	2.6
500,000 to 999,999	1.1-11.0	5.8
1,000,000 and over	2.0-10.9	2.4

1986 SALES PER SQUARE FOOT OF SELLING AND TOTAL AREA (in dollars)

	Selling Area		Total Area	
Metropolitan Size	Range of Common Experience	Median	Range of Common Experience	Median
Less than 25,000	$ 96-144	$123	$ 70-106	$ 89
25,000 to 49,999	$105-211	$136	$ 75-149	$100
50,000 to 99,999	$114-245	$180	$ 91-192	$130
100,000 to 499,999	$132-290	$168	$104-215	$135
500,000 to 999,999	$122-361	$266	$ 98-241	$176
1,000,000 and over	$165-290	$238	$118-255	$184

OPERATING EXPERIENCES BY METROPOLITAN (TRADING) AREA SIZE
1986 MERCHANDISING AND PRODUCTIVITY DATA

	POPULATION Less Than 25,000 (35 Firms)		POPULATION 25,000-49,999 (28 Firms)		POPULATION 50,000-99,999 (33 Firms)		POPULATION 100,000-499,999 (34 Firms)		POPULATION 500,000-999,999 (10 Firms)		POPULATION 1,000,000 and over (20 Firms)		
	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	YOUR FIRM
SALES DATA													
Increase in total net sales from last year	(5.4)- 9.2	.9	(2.7)- 9.4	4.3	(4.9)- 7.8	2.2	1.8- 10.0	5.8	(2.2)- 10.3	5.8	(5.5)- 8.3	2.5	_____
Sales per square foot of total store area in dollars	$70.0 -105.9	$89.2	$74.9 -148.9	$ 99.5	$90.9 -191.6	$129.5	$104.0 -214.9	$135.0	$ 97.8 -241.3	$176.4	$118.4 -254.8	$184.3	_____
SELLING AND ADVERTISING COST													
Selling payroll, percent of net sales excluding leased departments	6.1 - 10.1	7.9	7.1 - 11.5	9.0	7.8 - 10.9	9.3	8.1 - 12.1	9.6	8.8 - 11.1	9.9	8.9 - 10.8	10.0	_____
Advertising percent of net sales excluding leased departments	2.3 - 4.5	2.9	2.4 - 3.7	3.2	2.4 - 5.1	3.5	2.6 - 5.1	3.7	2.4 - 4.6	4.2	2.3 - 4.3	3.5	_____
MERCHANDISING DATA													
Annual stock turn, number of times at retail	1.0 - 1.7	1.3	1.2 - 1.8	2.0	1.3 - 2.6	1.9	1.5 - 2.2	2.0	1.4- 1.8	1.6	1.1 - 2.0	1.6	_____
Transportation in charges on goods purchased as a percent of total sales	.5 - 1.7	1.2	.4 - 1.2	1.0	.8 - 1.3	1.1	.4 - 1.0	.7	.4 - 1.4	.6	.4 - 1.0	.8	_____
Beginning 1986 inventory as a percent of 1985 sales	22.4 - 37.3	31.0	22.5 - 34.6	27.2	18.0 - 34.6	24.2	17.9 - 28.9	24.7	17.0 - 33.1	28.1	19.5 - 31.6	24.8	_____
Ending 1986 inventory as a percent of 1986 sales	22.0 - 40.0	31.0	21.2 - 34.9	28.8	17.9 - 35.8	23.9	18.7 - 26.3	21.2	16.4 - 29.1	27.6	19.3 - 31.5	26.4	_____
ALTERATION DATA AND COST													
Net workroom cost, percent of net sales excluding leased departments	.4 - 1.6	.9	1.2 - 2.6	1.9	.7 - 2.9	2.0	.9 - 3.3	2.3	1.9 - 4.0	2.9	2.7 - 4.5	3.6	_____
Net alterations cost, percent of men's clothing sales	2.5 - 5.9	3.6	5.5 - 12.7	6.3	3.9 - 7.8	5.0	4.5 - 8.5	6.0	5.7 - 9.3	6.7	5.5 - 7.8	6.8	_____
Income from alterations, percent of net sales excluding leased departments	NA	NA	.2 - .8	.5	.3 - .9	.7	.2 - 1.4	.8	.2 - .5	.4	.2 - 1.1	.7	_____
PROFIT AND FINANCIAL DATA													
Income from leased departments, percent of leased department sales	N/A	N/A	NA	NA	N/A	N/A	9.1 - 27.8	14.4	NA	NA	NA	NA	_____
Cash discounts earned as % of net sales	.4 - 3.2	1.2	.4 - 1.8	.9	.3 - 1.4	.7	.4 - 1.3	.5	.2 - .9	.5	.1 - .5	.3	_____
Net profit on net sales	1.1- 7.0	3.8	.8 - 6.3	2.4	.4 - 5.2	2.0	1.0 - 4.7	2.0	(2.2)- 6.7	3.6	.2- 4.0	1.7	_____
Net profit on net worth	3.5 - 28.5	14.5	2.2 - 21.6	7.9	1.3- 25.0	8.8	2.2 - 14.8	8.4	.9- 17.1	11.5	1.4- 13.6	10.7	_____
Net profit on net working capital	3.4 - 28.2	13.2	2.7 - 23.2	6.1	1.8 - 17.1	9.5	2.4 - 16.6	10.9	(3.2)- 23.2	15.9	1.1- 18.7	5.4	_____

1986 COMPOSITE OPERATING STATEMENT BY METROPOLITAN (TRADING) AREA SIZE

PLEASE NOTE THAT NET WORKROOM COST IS NOW TREATED AS A SEPARATE EXPENSE CENTER. TAKE THIS INTO CONSIDERATION WHEN COMPARING GROSS MARGIN AND TOTAL EXPENSES TO LAST YEARS DATA PRIOR TO 1980. (*EXPENSE DIVISION NUMBERS AND DEFINITIONS ARE IN ACCORDANCE WITH MRA'S FINANCIAL & OPERATIONS GROUP "MENSWEAR BASIC MANAGEMENT ACCOUNTING MANUAL".)	POPULATION Less Than 25,000 (35 Firms)		POPULATION 25,000-49,999 (28 Firms)		POPULATION 50,000-99,999 (33 Firms)		POPULATION 100,000-499,999 (34 Firms)		POPULATION 500,000-999,999 (10 Firms)		POPULATION 1,000,000 and over (20 Firms)		
	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	YOUR FIRM
COST OF GOODS SOLD (Percent of net sales, excluding leased departments, except as noted.)													
1 Ending inventory at cost	22.0-40.0	30.9	21.2-34.9	28.8	17.9-35.8	24.8	18.7-26.3	21.2	16.5-29.1	27.6	19.4-31.5	26.4	____%
2 Total cost of merchandise sold	59.1-66.7	61.8	56.7-61.7	58.2	53.6-60.3	56.1	52.9-57.1	54.7	51.0-55.1	54.2	50.6-54.5	52.3	____
3 Gross margin, excluding leased department income and sales	33.3-41.0	38.2	38.3-43.3	41.8	39.7-46.4	43.9	42.9-47.1	45.3	44.9-49.0	45.8	45.5-49.4	47.7	____
4 Income from leased departments	NA	NA	NA	NA	NA	NA	2.0- 6.3	2.6	NA	NA	NA	NA	____
5 Gross margin, including income from leased departments, as a percent of total net sales	33.3-41.0	38.2	38.3-44.0	41.8	39.7-46.7	44.4	42.9-48.3	46.0	44.9-49.4	45.8	45.5-50.0	47.7	____
Expense Div. No.*													
6. 00 Net Alteration Cost													
a. Alterations payroll	.8- 1.9	1.4	1.5- 3.1	2.6	1.8- 3.6	2.7	2.2- 4.1	3.0	2.2- 4.6	3.5	3.1- 5.3	4.1	____
b. All other workroom expenses	.1- 2.2	.7	.1- .2	.3	.1- .3	.2	.1- .8	.2	.1- .2	.2	.1- .8	.2	____
c. Less: Alteration Income	NA	NA	.2- .8	.5	.3- .9	.7	.2- 1.4	.8	.2- .5	.4	.2- 1.1	.7	____
d. Net Alterations Costs (line a plus line b, minus line c)	.4- 1.6	.9	1.2- 2.6	1.9	.7- 2.9	2.0	.9- 3.3	2.3	1.9- 4.0	2.9	2.7- 4.5	3.6	____
7. 01 Payroll (total)	11.2-21.1	15.6	12.4-24.1	16.9	14.1-22.6	18.1	13.7-24.0	17.8	14.9-29.3	21.0	14.5-24.7	18.0	____
a. Payroll of owners and officers	4.1- 8.8	6.2	3.9- 8.8	5.5	4.1- 8.1	5.9	3.9- 7.9	5.6	4.0-11.4	7.7	3.4- 7.4	5.2	____
b. Selling payroll (includes commissions & "spiffs")	6.1-10.1	7.9	7.1-11.5	9.0	7.8-10.9	9.3	8.1-12.1	9.6	8.8-11.1	9.9	8.9-10.8	10.0	____
c. Non-selling payroll (excludes workroom & advertising payroll)	1.0- 2.2	1.5	1.4- 3.8	2.4	2.2- 3.6	2.9	1.7- 4.0	2.6	2.1- 6.8	3.4	2.2- 6.5	2.8	____
8. 03 Advertising	2.3- 4.5	2.9	2.4- 3.7	3.2	2.4- 5.1	3.5	2.6- 5.1	3.7	2.4- 4.6	4.2	2.3- 4.3	3.5	____
9. 04 Taxes (total)	.9- 2.1	1.5	1.6- 2.7	1.8	1.3- 2.1	1.9	1.5- 2.5	2.0	1.8- 2.7	2.3	1.6- 2.5	2.1	____
a. All state and local taxes (including licenses) with the exception of payroll taxes and Federal income taxes	.2- .8	.6	.1- .7	.4	.2- .7	.3	.2- .8	.4	.3- .9	.6	.1- .5	.4	____
b. Social security and unemploy-	.7- 1.3	1.1	1.2- 1.9	1.6	1.3- 1.9	1.7	1.4- 2.0	1.7	1.8- 2.0	1.9	1.7- 2.0	1.8	____

	b. Social security and unemployment taxes	.7- 1.3	1.1	1.2- 1.9	1.6	1.3- 1.9	1.7	1.4- 2.0	1.7	1.8- 2.0	1.9	1.7- 2.0	1.8	
10. 06	Supplies	1.9- 3.7	2.8	1.6- 3.4	2.6	1.6- 3.2	3.0	1.6- 3.3	2.4	1.7- 4.0	2.4	1.5- 3.0	2.2	
	a. Wrapping and packing supplies	.6- 1.5	1.1	.6- 1.2	1.0	.5- 1.3	.9	.5- 1.2	.8	.7- 1.5	.8	.4- 1.0	.7	
	b. Other supplies (cleaning, stationery)	.2- .6	.4	.2- .7	.4	.2- .7	.5	.1- .6	.3	.2- .8	.5	.2- .6	.4	
	c. Utilities (heat, light, water, sewer, etc.)	1.1- 1.6	1.3	.8- 1.5	1.2	.9- 1.6	1.2	1.0- 1.5	1.3	.8- 1.7	1.1	.9- 1.4	1.1	
11. 07	Services Purchased (Total)	NA	1.0	NA	2.5	NA	1.8	NA	2.3	NA	1.8	NA	2.2	
	a. Accounts receivable factoring charges	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
	b. Data processing/service bureau charges	.3- 1.1	.5	.3- 1.5	.9	.3- 1.0	.5	.3- 1.0	.6	<.1- .8	.4	.1- .7	.2	
	c. Credit card service fees	.2- .5	.3	.3- .7	.4	.3- .8	.6	.4- .9	.7	.4- 1.0	.7	.5- 1.2	.8	
	d. Cleaning service, delivery, alarm service, attorney fees for account collection, buying office, etc.	.1- 1.0	.2	.1- .7	.3	.3- 1.5	.5	.2- .7	.4	.1- .9	.6	.5- 1.1	.7	
12. 08	Unclassified (cash shortages, want ads, dues, subscriptions, employee prizes, etc.)	.3- .9	.5	.3- 1.0	.7	.3- 1.3	.7	.3- 1.5	.6	.3- 1.3	.5	.2- .6	.3	
13. 09	Traveling	.5- 1.2	.7	.4- 1.0	.6	.4- 1.4	.8	.5- 1.1	.7	.4- 1.6	.6	.3- 1.0	.6	
14. 10	Communications	.4- .7	.5	.3- .7	.6	.4- .9	.6	.5- .9	.7	.3- .8	.5	.5- 1.0	.8	
15. 11	Pensions	NA	NA	.7- 2.7	1.5	.3- 1.5	.7	.3- 2.4	1.0	.7- 1.6	1.1	.7- 2.3	.8	
16. 12	Insurance (total)	1.1- 2.6	1.7	1.1- 2.9	1.6	1.4- 2.8	2.2	1.2- 2.3	1.6	1.4- 3.0	2.0	1.0- 2.7	1.7	
	a. Workmen's compensation insurance; sickness, accident, group medical, group hospital and life insurance premiums	.6- 1.5	1.0	.7- 2.1	1.0	.9- 1.9	1.5	.7- 1.4	.9	.9- 1.8	1.3	.7- 1.8	1.3	
	b. All other insurance premiums	.5- 1.1	.7	.4- .8	.6	.5- .9	.7	.5- .9	.7	.5- 1.2	.7	.3- .9	.4	
17. 13	Depreciation (total)	.5- 1.3	1.1	.5- 1.8	1.0	.5- 1.6	1.2	.7- 1.8	1.2	.8- 1.6	1.0	.6- 1.8	1.1	
18. 14	Professional services	.2- .6	.4	.1- .7	.5	.3- .7	.4	.2- .7	.4	.2- .8	.5	.4- 1.0	.5	
19. 15	Donations	.1- .3	.2	<.1- .2	.1	.1- .2	.1	<.1- .2	.1	<.1- .4	.2	<.1- .2	.1	
20. 16	Bad Debts	.1- .3	.2	.1- .8	.3	<.1- .6	.2	.1- .4	.3	.2- .8	.3	.2- .9	.5	
21. 17	Equipment costs	.2- .8	.4	.2- .7	.4	.2- 1.1	.5	.2- .6	.4	.6- 4.2	1.2	.3- 1.1	.7	
22. 20	Real property rentals	1.5- 3.9	2.7	2.2- 4.7	2.6	2.6- 4.9	3.8	3.3- 6.3	4.2	3.5- 5.5	4.0	4.6- 6.7	5.8	
23.	Total expenses	27.5-38.5	31.6	35.2-43.6	38.0	36.9-45.4	43.1	40.2-46.9	43.2	41.8-48.9	44.3	43.0-48.0	46.7	
NET GAIN (Percent of total net sales, except as noted.)														
24.	Operating profit, including income from leased departments	1.0- 8.1	5.6	.4- 6.0	3.2	(.8)- 6.5	2.7	(.2)- 3.8	1.7	(3.6)- 5.2	2.2	.1- 3.7	1.3	
25.	a. Interest income	.3- 1.3	.5	.2- 1.4	.6	.4- 1.6	1.2	.3- 1.9	1.3	.6- 2.3	1.2	.3- 2.0	.8	
	b. Net other income	<.1- .7	.2	.2- 1.7	.6	.1- 1.3	.6	.2- 1.2	.4	.3- 1.4	.9	.1- .6	.2	
	c. Interest expenses	.8- 2.9	1.5	.4- 2.6	1.6	.6- 2.0	1.2	.4- 1.6	1.0	1.0- 1.7	1.4	.2- 2.4	.9	
	d. Net other expenses	.4- 3.1	1.0	<.1- .7	.2	2.7- 4.5	3.1	.1- 1.1	.3	NA	NA	.1- 1.0	.4	
26.	Net profit, before Federal income taxes	1.1- 7.0	3.8	.8- 6.3	2.4	.4- 5.2	2.0	1.0- 4.7	2.0	(2.2)- 6.7	3.6	.2- 4.0	1.7	

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1986 GEOGRAPHIC OPERATING EXPERIENCES

Again this year, firms in the Northeast continued to outpace the rest of the country, posting a median 8.0 percent gain in net sales over 1985. The Central and Southeast regions showed the greatest improvement in net sales performance. In the Central area, net sales increased by a median 3.5 percent over 1985 totals, a strong improvement over the 0.3 percent gain posted for 1985 over 1984. Southeast firms showed the second best improvement, posting a median increase of 4.3 percent in 1986 sales over 1985, following a 1.2 percent sales increase for 1985. North Central firms posted a median 3.6 percent increase in sales over 1985 after recording only a 0.7 percent increase in 1985 over 1984.

On a regional basis, three of the six Federal Reserve Districts turned in a net profit before taxes performance better than the industry average of 2.5 percent of sales. In spite of the reported economic downturn in the Central region, firms there managed to turn in a median net profit before income taxes of 2.9 percent of sales. Contributing to this performance was the median 39.4 percent of sales allocated to expenses, one of the lowest in the country, and a median gross margin performance of 41.8 percent of sales.

Total expenses for firms in the Northeast fell sharply from the 1985 median performance of 43.2 percent of sales to a median 39.0 percent of sales in 1986. In both the Southeast and the Central regions, total expenses as a percent of sales declined slightly. Expenses in the Southwest area moved up from a median 45.0 percent of sales in 1985 to 47.0 percent of sales in 1986, and the West reported a rise in expenses from a median 42.1 percent of sales in 1985 to 42.6 percent in 1986.

1986 COOPERATIVE ADVERTISING FUNDS RECEIVED AS A PERCENTAGE OF GROSS PUBLICITY COSTS

Geographic Area	Range of Common Experience	Median
Northeast	1.8- 6.5	5.6
Southeast	1.7-10.3	2.1
North Central	2.1- 8.2	3.2
Central	2.1- 5.8	2.8
Southwest	NA	NA
West	.6-10.1	2.7

1986 SALES PER SQUARE FOOT OF SELLING AND TOTAL STORE AREA

(In Dollars)

Geographic Area	Selling Area		Total Area	
	Range of Common Experience	Median	Range of Common Experience	Median
Northeast	$128-282	$201	$ 81-206	$148
Southeast	$131-243	$165	$ 96-158	$127
North Central	$101-245	$130	$ 77-193	$101
Central	$104-212	$143	$ 79-170	$108
Southwest	$102-325	$217	$ 77-258	$118
West	$113-202	$131	$ 95-144	$102

OPERATING EXPERIENCES BY METROPOLITAN (TRADING) AREA SIZE
1986 MERCHANDISING AND PRODUCTIVITY DATA

	NORTHEAST Boston Philadelphia, New York F.R. Dist. (30 Firms)		SOUTHEAST Richmond, Atlanta F.R. Dist. (36 Firms)		NORTH CENTRAL Cleveland, Chicago F.R. Dist. (37 Firms)		CENTRAL St. Louis, Minneapolis, Kansas City F.R. Dist. (29 Firms)		SOUTHWEST Dallas F.R. Dist. (6 Firms)		WEST San Francisco F.R. Dist. (22 Firms)		
	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	YOUR FIRM
SALES DATA													
Increase in total net sales from last year	2.4- 17.8	8.0	(3.5)- 8.2	4.3	(3.4)- 11.0	3.6	(3.1)- 8.3	3.5	(10.0)- 4.3	(6.8)	(6.5)- 6.5	(1.8)	___%
Sales per square foot of total store area in dollars	$ 81.2-206.3	$147.5	$ 95.5-157.5	$127.3	$76.8-192.9	$101.0	$79.4-170.1	$107.6	$ 77.4-257.9	$118.4	$ 95.3-144.3	$101.8	____
SELLING AND ADVERTISING COST													
Selling payroll, percent of net sales excluding leased departments	6.6- 11.2	9.1	8.2- 12.0	9.7	8.0- 10.8	9.3	7.0- 10.2	8.2	7.4- 11.6	9.2	8.5- 10.9	9.8	____
Advertising, percent of net sales excluding leased departments	2.6- 4.6	3.6	2.1- 4.6	3.3	2.3- 5.1	3.5	2.4- 4.8	3.8	1.8- 4.6	2.9	2.6- 3.8	2.8	____
MERCHANDISING DATA													
Annual stock turn, number of times at retail	1.4- 1.9	1.6	1.2- 2.3	1.6	1.2- 2.5	1.8	1.2- 2.1	1.9	NA	NA	1.0- 2.2	1.3	____
Transportation in charges on goods purchased as a percent of net sales	.4- 1.0	.8	.4- .9	.7	.3- 1.3	1.0	.8- 1.3	1.0	.9- 1.4	1.0	.5- 1.3	1.0	____
Beginning 1986 inventory as a percent of 1985 sales	18.9- 31.9	24.5	18.0- 28.1	24.3	24.0- 36.6	28.8	19.7-34.2	24.5	18.1- 36.8	25.7	19.8- 38.8	29.7	____
Ending 1986 inventory as a percent of 1986 sales	19.9- 31.8	22.8	19.1- 30.2	24.4	21.1- 34.0	27.3	17.8- 35.5	23.0	20.6- 34.0	27.7	17.3- 39.6	28.7	____
ALTERATION DATA AND COST													
Net workroom cost, percent of net sales excluding leased departments	1.0- 3.6	1.9	.7- 2.8	1.7	1.3- 3.1	1.9	.9- 3.0	2.2	.8- 3.8	3.0	.5- 2.9	1.5	____
Net alterations cost, percent of men's clothing sales	3.1- 10.0	6.1	4.1- 7.4	5.4	4.3- 8.7	5.4	5.5- 8.3	6.4	4.5- 7.5	6.1	2.7- 7.5	5.5	____
Income from alterations, percent of net sales excluding leased departments	.3- 1.8	.7	.1- 1.1	.2	.3- 1.0	.6	.4- 1.4	.6	NA	NA	.2- 1.4	.5	____
PROFIT AND FINANCIAL DATA													
Income from leased departments, percent of leased department sales	NA	NA	7.0- 33.6	14.2	NA	NA	NA	NA	NA	NA	NA	NA	____
Cash discounts earned	.8- 1.9	1.3	.4- 1.3	.7	.3- .6	.4	.3- 1.8	.5	.2- 2.5	.2	.2- 1.0	.5	____
Net profit on net sales	(.1)- 6.0	2.2	1.0- 6.2	3.0	.8- 6.4	3.3	1.0- 6.4	2.9	(1.8)- 3.8	2.2	(1.2)- 2.7	1.2	____
Net profit on net worth	(.3)- 20.3	13.0	3.6- 16.4	9.0	2.9- 23.2	12.7	5.8- 24.6	13.3	(4.6)- 9.0	5.4	(8.5)- 11.4	4.0	____
Net profit on net working capital	1.3- 24.1	13.1	2.7- 14.1	8.1	2.5- 18.3	11.2	5.1- 27.3	17.9	(4.6)- 15.2	8.4	(11.4)- 10.0	3.7	____

1986 COMPOSITE OPERATING STATEMENT BY GEOGRAPHIC (Federal Reserve District) AREA

PLEASE NOTE THAT NET WORKROOM COST IS NOW TREATED AS A SEPARATE EXPENSE CENTER. TAKE THIS INTO CONSIDERATION WHEN COMPARING GROSS MARGIN AND TOTAL EXPENSES TO LAST YEARS DATA PRIOR TO 1980. ("EXPENSE DIVISION NUMBERS AND DEFINITIONS ARE IN ACCORDANCE WITH MRA'S FINANCIAL & OPERATIONS GROUP "MENSWEAR BASIC MANAGEMENT ACCOUNTING MANUAL".)	NORTHEAST Boston, Philadelphia, New York, F.R. Dists. (30 Firms)		SOUTHEAST Richmond, Atlanta F.R. Dists. (36 Firms)		NORTH CENTRAL Cleveland, Chicago F.R. Dists. (37 Firms)		CENTRAL St. Louis, Minneapolis, Kansas City F.R. Dists. (29 Firms)		SOUTHWEST Dallas F.R. Dist. (6 Firms)		WEST San Francisco F.R. Dist. (22 Firms)		
	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	Range of Common Experience	Median Firm	YOUR FIRM
COST OF GOODS SOLD (Percent of net sales, excluding leased departments, except as noted.)													
1. Ending inventory at cost	19.9-31.8	22.8	19.1-30.2	24.4	21.1-34.0	27.3	17.8-34.5	23.0	20.6-34.0	27.7	17.3-39.6	28.7	___%
2. Total cost of merchandise sold	54.5-62.1	57.0	53.3-59.7	56.2	52.9-58.3	54.8	54.1-63.1	58.2	51.5-60.3	55.8	52.1-61.8	56.5	____
3. Gross margin, excluding leased department income and sales	37.9-45.5	43.0	40.3-46.7	43.8	41.7-47.1	45.2	36.9-45.9	41.8	39.7-48.5	44.2	38.1-47.9	43.5	____
4. Income from leased departments	NA	NA	1.0- 4.9	2.0	NA	NA	NA	NA	NA	NA	NA	NA	____
5. Gross margin, including income from leased departments, as a percent of total net sales	37.9-46.1	43.0	40.3-47.8	44.5	41.7-47.1	45.2	36.9-46.7	41.8	39.7-48.5	44.4	38.1-48.5	43.5	____
Expense Div. No.*													
6. 00 Net Alteration Cost													
a. Alterations payroll	1.8- 3.9	2.7	1.8- 3.2	2.8	1.7- 4.5	2.4	2.0- 4.4	3.0	2.4- 3.9	3.7	1.6- 3.7	2.6	____
b. All other workroom expenses	.1- .7	.2	.1- .4	.1	.1- .4	.2	.2- 1.1	.2	.1- .1	.1	.1- .4	.1	____
c. Less: Alteration Income	.3- 1.8	.7	.1- 1.1	.2	.3- 1.6	.6	.4- 1.4	.6	NA	NA	.2- 1.4	.5	____
d. Net Alterations Costs (line a plus line b, minus line c)	1.0- 3.6	1.9	.7- 2.8	1.7	1.3- 3.1	1.9	.9- 3.0	2.2	.6- 3.8	3.0	.5- 2.9	1.5	____
7. 01 Payroll (total)	11.3-23.5	16.4	13.5-25.4	17.8	14.3-22.4	17.8	12.5-22.6	16.1	13.8-27.0	20.0	15.3-23.7	19.6	____
a. Payroll of owners and officers	3.4- 8.7	4.9	3.3- 7.0	5.5	4.7- 8.1	6.2	3.6- 8.1	4.9	4.1- 8.9	7.3	5.1- 9.5	7.2	____
b. Selling payroll (includes commissions & "spiffs")	6.6-11.2	9.1	8.2-12.0	9.7	8.0-10.8	9.3	7.0-10.2	8.2	7.4-11.6	9.2	8.5-10.9	9.8	____
c. Non-selling payroll (excludes workroom & advertising payroll)	1.4- 3.7	2.4	2.0- 6.4	2.6	1.6- 3.5	2.3	1.9- 4.3	3.0	2.3- 6.5	3.5	1.8- 3.3	2.6	____
8. 03 Advertising	2.6- 4.6	3.6	2.1- 4.6	3.3	2.3- 5.1	3.5	2.4- 4.8	3.8	1.8- 4.6	2.9	2.6- 3.8	2.8	____
9. 04 Taxes (total)	1.6- 2.5	1.9	1.4- 2.6	2.1	1.3- 2.5	1.9	1.3- 2.0	1.6	1.7- 2.3	2.1	1.3- 2.6	1.8	____
a. All state and local taxes (including licenses) with the exception of payroll taxes and Federal income taxes	.2- .8	.3	.3- .7	.6	.1- .8	.5	.1- .6	.2	.1- .5	.4	.1- .8	.5	____
b. Social security and unemployment taxes	1.2- 1.9	1.6	1.4- 2.0	1.8	1.2- 1.9	1.6	1.1- 1.8	1.4	1.2- 1.9	1.7	1.7- 1.9	1.9	____

| | | |

MERCHANDISING INFORMATION BY GEOGRAPHIC AREA

1986 DISTRIBUTION OF SALES BY MAJOR MERCHANDISE CLASSIFICATIONS

	MEN'S CLOTHING SALES	MEN'S SPORTSWEAR SALES	MEN'S FURNISHINGS SALES
NORTHEAST			
Range	19.9-46.8	11.3-28.0	13.6-21.1
Median	35.7	16.5	14.9
SOUTHEAST			
Range	31.5-51.0	10.8-26.7	15.5-21.7
Median	43.3	16.8	19.3
NORTH CENTRAL			
Range	29.5-54.0	19.2-32.8	13.8-23.1
Median	35.7	22.7	19.1
CENTRAL			
Range	27.0-56.8	7.4-30.6	13.6-22.6
Median	45.4	19.2	19.6
SOUTHWEST			
Range	38.7-57.5	11.6-19.0	15.5-20.6
Median	53.3	17.0	20.2
WEST			
Range	18.2-50.3	24.2-48.1	13.5-21.1
Median	32.8	37.2	17.9

1986 MARKDOWNS AS A PERCENTAGE OF TOTAL MARKDOWNS FOR THE THREE MAJOR MEN'S WEAR MERCHANDISE CLASSIFICATIONS

	MEN'S CLOTHING MARKDOWNS	MEN'S SPORTSWEAR MARKDOWNS	MEN'S FURNISHINGS MARKDOWNS
NORTHEAST			
Range	16.0-48.2	9.7-34.4	4.7-12.7
Median	27.4	16.4	10.9
SOUTHEAST			
Range	31.7-60.4	10.7-23.5	7.7-15.2
Median	44.1	17.0	12.6
NORTH CENTRAL			
Range	24.0-52.1	12.7-27.7	6.5-13.9
Median	34.2	21.8	11.5
CENTRAL			
Range	23.8-59.7	9.9-26.0	4.9-13.8
Median	49.0	18.7	9.7
SOUTHWEST			
Range	48.3-68.7	13.6-20.9	7.5-15.2
Median	61.6	14.8	12.5
WEST			
Range	21.7-52.9	25.0-48.4	5.9-12.9
Median	29.9	33.6	11.6

Geographic Areas by Federal Reserve Districts

Map Explanation:

Area designations are based on combinations of Federal Reserve Districts.

Key

Area	Federal Reserve District
Northeast	Boston, Philadelphia, New York
Southeast	Richmond, Atlanta
Central	St. Louis, Minneapolis, Kansas City
North Central	Cleveland, Chicago
Southwest	Dallas
West	San Francisco

MRA PUBLICATIONS FOR PROFIT BUILDING

ANNUAL BUSINESS SURVEY — A compendium of information obtained through a mail survey of MRA members. Compare your store's performance with the range of common experience to obtain a clearer insight into your operating procedures. **Item #MRA29 — $35.00**

MENSWEAR MERCHANTS AND THE SHOPPING CENTER DECISION — Negotiate a better lease, avoid pitfalls, cut rental expenses. Includes figures to cover every step in helping determine your shopping center decision...from site selection to parking requirements. Published in 1979. **Item #MRA35 — $15.00**

BASIC MANAGEMENT ACCOUNTING MANUAL FOR THE MENSWEAR SPECIALTY STORE, EDITION IV — Increase your ability to utilize sound accounting practices in merchandise control and cash flow. This manual provides a detailed look at the procedures, options, and forms that help control dollars. Published in 1982. **Item #MRA44 — $25.00**

RETAILER'S HANDBOOK OF FEDERAL CREDIT REGULATIONS — Avoid costly violations of federal credit regulations. This simple handbook, by attorney James M. Goldberg, includes sample forms and disclosure statements for store credit practices. Published in 1982. **Item #MRA45 — $7.50**

HOW THE FEDERAL FAIR LABOR STANDARDS ACT AFFECTS YOU — Steer clear of costly back wage claims with pay and employment practices in complete compliance with federal law. Includes 1977 amendments and guidance on minimum wage, overtime, equal pay, child labor, and age descrimination. Published in 1978. **Item #MRA46 — $10.00**

RETAIL CREDIT MANAGEMENT — Handy reference manual was specifically written for clothiers by the Financial and Operations Group of MRA. Within the 116 pages you will find answers that can help you avoid costly mistakes with in-house credit. Samples of collection letters and management guidelines are included. Published in 1984. **Item #MRA50 — $25.00**

SHOW AND SELL by Peter Glen — Filled with creative ideas for your window and interior displays. Authored by retail promotion authority, Peter Glen. From the opening chapter on "Getting Ready" to the closing chapter on "Checklists", this workbook will help you achieve more imaginative and effective windows and displays. Published in 1981. **Item #MRA81 — $35.00**

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1988, 1989, and 1990 4-5-4 CALENDAR

1988

February

S	M	T	W	T	F	S
31	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27

March

28	29	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31	1	2

April

3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

May

1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

June

29	30	31	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	1	2

July

3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

August

31	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27

September

28	29	30	31	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	1

October

2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

November

30	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26

December

27	28	29	30	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

January 1989

1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

1989

February

S	M	T	W	T	F	S
29	30	31	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25

March

26	27	28	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1

April

2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

May

30	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27

June

28	29	30	31	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	1

July

2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

August

30	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26

September

27	28	29	30	31	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

October

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8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

November

29	30	31	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25

December

26	27	28	29	30	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

January 1990

31	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27

1990

February

S	M	T	W	T	F	S
28	29	30	31	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24

March

25	26	27	28	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

April

1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

May

29	30	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26

June

27	28	29	30	31	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

July

1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

August

29	30	31	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25

September

26	27	28	29	30	31	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

October

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7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27

November

28	29	30	31	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24

December

25	26	27	28	29	30	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

January 1991

30	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26

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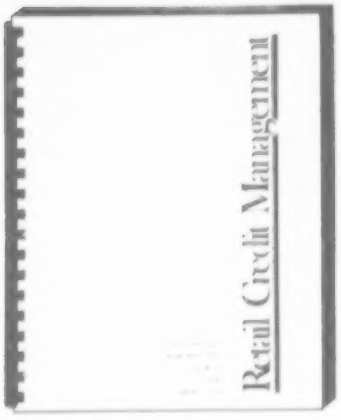

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